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House File 2439

H-8100

- 1 Amend the amendment, H-8094, to House File 2439 as
- 2 follows:
- 3 1. Page 1, by striking lines 2 through 4 and
- 4 inserting:
- 5 <_____. Page 3, by striking lines 28 through 33 and
- 6 inserting:
- 7 <c. The Iowa core>>
- 8 2. By renumbering as necessary.

SALMON of Black Hawk



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House File 2390

H-8101

- 1 Amend House File 2390 as follows:
- 2 1. Page 1, line 15, by striking ~~<five ten>~~ and
- 3 inserting <five>
- 4 2. Page 1, lines 23 and 24, by striking
- 5 ~~<ninety-five ninety>~~ and inserting <ninety-five>

WINCKLER of Scott

DOLECHECK of Ringgold

L. MILLER of Scott



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House File 2385

H-8102

- 1 Amend House File 2385 as follows:
2 1. Page 1, line 4, before <felony> by inserting
3 <serious misdemeanor, aggravated misdemeanor, or>
4 2. Page 1, line 6, before <felony> by inserting
5 <serious misdemeanor, aggravated misdemeanor, or>
6 3. Page 1, line 9, before <felony> by inserting
7 <serious misdemeanor, aggravated misdemeanor, or>
8 4. Page 2, line 19, before <adopts> by inserting
9 <proposes or>
10 5. Page 3, by striking lines 14 through 28.
11 6. Page 3, line 31, by striking <a crime an
12 aggravated misdemeanor> and inserting <a crime serious
13 misdemeanor, aggravated misdemeanor,>
14 7. Page 3, line 33, by striking <an aggravated
15 misdemeanor> and inserting <a serious misdemeanor,
16 aggravated misdemeanor,>
17 8. Page 4, by striking lines 28 and 29 and
18 inserting:
19 <e. Conviction of any crime a serious misdemeanor,
20 aggravated misdemeanor, or felony related to the
21 practice of mortuary science or>
22 9. Page 4, lines 31 and 32, by striking <a crime an
23 aggravated misdemeanor> and inserting <a crime serious
24 misdemeanor, aggravated misdemeanor,>
25 10. Page 5, by striking lines 17 through 20.
26 11. Page 5, by striking lines 33 and 34 and
27 inserting:
28 <f. Conviction of a criminal offense serious
29 misdemeanor, aggravated misdemeanor, a felony involving
30 dishonesty or a false statement>
31 12. Page 6, by striking lines 3 through 16.
32 13. By renumbering as necessary.

PETTENGILL of Benton

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House File 2416

H-8103

1 Amend House File 2416 as follows:

2 1. By striking everything after the enacting clause
3 and inserting:

4 <Section 1. NEW SECTION. 512.1 Conversion from a
5 mutual company to stock company allowed.

6 A mutual insurance company may convert to a stock
7 company pursuant to a plan of conversion established
8 and approved in the manner provided by this chapter.

9 Sec. 2. NEW SECTION. 512.2 Short title.

10 This chapter shall be known and may be cited as the
11 *"Iowa Insurance Company Mutual-to-Stock Conversion Act"*.

12 Sec. 3. NEW SECTION. 512.3 Definitions.

13 As used in this chapter:

14 1. *"Capital stock"* means common or preferred stock
15 or any hybrid security or other equity security issued
16 by a converted stock company or other company or entity
17 pursuant to the exercise of subscription rights granted
18 pursuant to section 512.6, subsection 1, paragraph "c".

19 2. *"Commissioner"* means the commissioner of
20 insurance appointed pursuant to section 505.2.

21 3. *"Converted stock company"* means a stock company
22 that converted from a mutual company to a stock company
23 under this chapter or any successor to the stock
24 company.

25 4. *"Division"* means the insurance division of the
26 department of commerce.

27 5. *"Domestic mutual company"* means a mutual
28 insurance company domiciled in this state and organized
29 under chapter 508 or 515.

30 6. *"Eligible member"* means a member of a mutual
31 company whose policy is in force on the date the mutual
32 company's governing body adopts a plan of conversion or
33 such earlier date as the mutual company may establish
34 with the consent of the commissioner. A person insured
35 under a group policy is not an eligible member. A
36 person whose policy becomes effective after the
37 governing body adopts the plan but before the plan's
38 effective date is not an eligible member but shall have
39 those rights established under section 512.10.

40 7. *"Foreign mutual company"* means a mutual insurance
41 company domiciled in a jurisdiction other than this
42 state and organized in a similar manner to a domestic
43 mutual company organized under chapter 508 or 515.

44 8. *"Governing body"* means the board of directors of
45 a mutual company, a mutual holding company, or a stock
46 company.

47 9. *"Mutual company"* means a mutual insurance
48 company that is seeking to convert to a stock company
49 under this chapter including a domestic mutual company
50 and a foreign mutual company that has applied to

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1 redomesticate to this state with an intent to file an
2 application to convert from a mutual company to a stock
3 company under this chapter.
4 10. *a. "Mutual holding company"* means any of the
5 following whose articles of incorporation include the
6 provisions set out in paragraph *"b"*:
7 (1) A nonstock corporation resulting from a
8 reorganization of a mutual company under this chapter.
9 (2) A nonstock corporation resulting from a
10 reorganization of a mutual company under the laws of
11 any other jurisdiction that subsequently redomesticates
12 in this state.
13 (3) A nonstock corporation incorporated in
14 this state surviving or resulting from a merger or
15 consolidation with a nonstock corporation that resulted
16 from a reorganization of a mutual company under the
17 laws of any other jurisdiction.
18 *b.* The articles of incorporation of a mutual
19 holding company shall include provisions setting forth
20 all of the following:
21 (1) That the mutual holding company is a mutual
22 holding company as defined in this chapter.
23 (2) That the mutual holding company shall hold not
24 less than a majority of the shares of voting stock
25 of a converted stock company or intermediate holding
26 company, which in turn holds, directly or indirectly,
27 all of the voting stock of the converted stock company.
28 (3) That the mutual holding company is not
29 authorized to issue any capital stock except pursuant
30 to a conversion in accordance with the provisions of
31 this chapter.
32 (4) That the mutual holding company's members shall
33 have the rights specified in this chapter and in its
34 articles of incorporation and bylaws.
35 (5) That the mutual holding company's assets shall
36 be subject to inclusion in the estate of the converted
37 company in any rehabilitation or insolvency proceedings
38 initiated by the commissioner.
39 11. *"Participating policy"* means a policy of a
40 mutual company that grants a member the right to
41 receive dividends if, as, and when declared by the
42 mutual company.
43 12. *"Person"* means an individual, a corporation,
44 a limited liability company, a partnership, an
45 association, a joint stock company, a trust, an
46 unincorporated organization, a similar entity, or a
47 combination of the foregoing acting in concert.
48 13. *"Plan of conversion"* or *"plan"* means a plan
49 adopted by a mutual company's governing body to convert
50 the mutual company into a stock company under this

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1 chapter.
2 14. "*Policy*" means an insurance policy, including
3 an annuity contract.
4 15. "*Standby investor*" means a person that has
5 agreed in writing to purchase all or a portion of
6 the capital stock to be sold in a mutual-to-stock
7 conversion that is not subscribed by eligible members.
8 16. "*Stock company*" means a stock insurance
9 company that meets all of the current requirements for
10 admission to do business as a domestic company in this
11 state under chapter 508 or 515.
12 17. "*Subscription right*" means the nontransferable
13 right to purchase, for a period of not less than
14 twenty or more than thirty-five days, the stock of the
15 converted stock company, its proposed stock holding
16 company, or an unaffiliated stock company, or other
17 corporation or entity that will acquire the converted
18 stock company through the purchase of all the stock of
19 the converted stock company.
20 18. "*Voting member*" means a member who is an
21 eligible member and is also a member of the mutual
22 company as of a date not more than ninety days prior
23 to the date of the meeting at which the plan shall be
24 voted upon by members.
25 Sec. 4. NEW SECTION. 512.4 Adoption of plan of
26 conversion.
27 1. A plan of conversion shall not become effective
28 unless the mutual company seeking to convert to a stock
29 company shall have adopted, by the affirmative vote
30 of not less than two-thirds of its governing body and
31 otherwise in accordance with law, a plan consistent
32 with the requirements of sections 512.6 and 512.7
33 or section 512.8. At any time before approval of a
34 plan by the commissioner, the mutual company, by the
35 affirmative vote of not less than a majority of its
36 governing body, may amend or withdraw the plan.
37 2. Before a mutual company's eligible members may
38 vote on approval of a plan, a mutual company whose
39 governing body has adopted a plan shall file all of
40 the following documents with the commissioner within
41 ninety days after adoption of the plan together with
42 the specified application fee:
43 a. The plan, including the independent evaluation
44 required by section 512.6, subsection 4.
45 b. The form of notice required by subsection 7.
46 c. The form of proxy to be solicited from eligible
47 members pursuant to subsection 8.
48 d. The form of notice required by section 512.10 to
49 persons whose policies are issued after adoption of the
50 plan but before its effective date.

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1 *e.* The proposed amended and restated articles
2 of incorporation and bylaws of the converted stock
3 company.
4 *f.* The acquisition of control statement.
5 *g.* An application fee equal to the greater of ten
6 thousand dollars or an amount equal to one-tenth of one
7 percent of the estimated pro forma market value of the
8 converted stock company as determined in accordance
9 with section 512.6, subsection 4. If such value is
10 expressed as a range of values, the application fee
11 shall be based upon the midpoint of the range. For
12 good cause shown, the commissioner may waive the
13 application fee in whole or in part, or permit a
14 portion of the application fee to be deferred until
15 completion of the conversion.
16 *h.* Such other information as the commissioner may
17 request.
18 3. Upon filing of the foregoing documents with
19 the commissioner, the mutual company shall send to
20 eligible members a notice advising eligible members
21 of the adoption and filing of the plan, their ability
22 to provide the commissioner and the mutual company
23 with comments on the plan within thirty days of the
24 date of such notice, and procedures for providing such
25 comments.
26 4. The commissioner shall immediately give written
27 notice to the mutual company of any decision and, in
28 the event of disapproval, a statement in detail of
29 the reasons for the decision. The commissioner shall
30 approve the plan if the commissioner finds all of the
31 following:
32 *a.* The plan complies with this chapter.
33 *b.* The plan is fair and equitable to the mutual
34 insurer and its members.
35 *c.* The converted stock company will have the amount
36 of capital and surplus deemed by the commissioner to be
37 reasonably necessary for its future solvency.
38 *d.* The plan's method of allocating subscription
39 rights is fair and equitable.
40 5. The commissioner may retain, at the mutual
41 company's expense, any qualified expert not otherwise
42 a part of the commissioner's staff, including counsel
43 and financial advisors, to assist in reviewing the plan
44 and the independent evaluations required under section
45 512.6, subsection 4.
46 6. The commissioner may order, at the mutual
47 company's expense, a hearing on whether the terms of
48 the plan comply with this chapter after giving written
49 notice by mail or publication to the mutual company and
50 other interested persons, all of whom have the right

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1 to appear at the hearing.

2 7. All voting members shall be sent notice of the
3 members' meeting to vote on the plan. The notice shall
4 fairly describe the proposed plan, shall inform the
5 voting member of the voting member's right to vote upon
6 the plan, and shall be sent to each voting member's
7 last known address, as shown on the mutual company's
8 records. If the meeting to vote upon the plan is held
9 during the mutual company's annual meeting of members,
10 only a combined notice of the meeting is required.

11 8. The plan shall be voted upon by voting members
12 and shall be adopted upon receiving the affirmative
13 vote of at least two-thirds of the votes cast at the
14 meeting. Voting members entitled to vote upon the
15 proposed plan may vote in person or by proxy. The
16 number of votes each voting member may cast shall be
17 determined by the mutual company's bylaws. If the
18 bylaws are silent, each voting member may cast one
19 vote.

20 9. The amended and restated articles of
21 incorporation of the converted stock company shall
22 be considered at the meeting of the voting members
23 called for the purpose of adopting the plan and shall
24 require for adoption the affirmative vote of at least
25 two-thirds of the votes cast at the meeting.

26 10. Within thirty days after the voting members
27 have approved the plan in accordance with the
28 requirements of this section, the converted stock
29 company shall file all of the following documents with
30 the commissioner:

31 a. The minutes of the meeting of the voting members
32 at which the plan was approved which shall include the
33 record of total votes cast and votes cast in favor of
34 the plan.

35 b. The amended and restated articles of
36 incorporation and bylaws of the converted stock
37 company.

38 Sec. 5. NEW SECTION. 512.5 Redomestication and
39 conversion.

40 A foreign mutual company or foreign mutual
41 holding company that has filed an application for
42 redomestication may file an application for conversion
43 under this chapter promptly after completion of the
44 redomestication or promptly after approval of the
45 redomestication by the members of the foreign mutual
46 company or foreign mutual holding company if such a
47 member vote is required under the laws of the state
48 of domicile of the foreign mutual company or foreign
49 mutual holding company.

50 Sec. 6. NEW SECTION. 512.6 Required provisions of

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1 plan of conversion.
2 1. All of the following provisions shall be
3 included in a plan of conversion:
4 a. The reasons for the proposed conversion.
5 b. The effect of conversion on existing policies,
6 including all of the following:
7 (1) A provision that all policies in force on the
8 effective date of conversion continue to remain in
9 force under the terms of the policies, except that the
10 following rights, to the extent the rights existed
11 in the mutual company, shall be extinguished on the
12 effective date of the conversion:
13 (a) Any voting rights of the policyholders provided
14 under the policies.
15 (b) Except as provided under subparagraph (2), any
16 right to share in the surplus of the mutual company,
17 unless such right is expressly provided for under the
18 provisions of the existing policy.
19 (c) Any assessment provisions provided for under
20 certain types of policies.
21 (2) Except as provided in subparagraph (3), a
22 provision that policyholders of participating policies
23 in effect on the date of conversion continue to
24 have a right to receive dividends as provided in the
25 participating policies, if any.
26 (3) Except for the mutual company's life policies,
27 participating guaranteed renewable accident and health
28 policies, and participating guaranteed renewable
29 noncancelable accident and health policies, a provision
30 that upon the renewal date of a participating policy,
31 the converted stock company may issue the member a
32 nonparticipating policy eliminating the rights of the
33 members to receive dividends as a substitute for the
34 participating policy. This subparagraph shall not be
35 construed to permit the substitution, during the term
36 of a policy, of a nonexperience-rated policy for an
37 experience-rated policy.
38 c. The grant of subscription rights to eligible
39 members, including both of the following:
40 (1) (a) A provision that each eligible member
41 is to receive, without payment, nontransferable
42 subscription rights to purchase the capital stock of
43 the converted stock company and that, in the aggregate,
44 all eligible members shall have the right, prior to
45 the right of any other party, to purchase one hundred
46 percent of the capital stock of the converted stock
47 company, exclusive of any shares of capital stock
48 required to be sold or distributed to the holders of
49 surplus notes, if any, and capital stock purchased by
50 the company's tax-qualified employee stock benefit plan

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1 that is in excess of the total price of the capital
2 stock established under subsection 4, as permitted by
3 section 512.7, subsection 1. As an alternative to
4 subscription rights in the converted stock company,
5 the plan may provide that each eligible member is to
6 receive, without payment, nontransferable subscription
7 rights to purchase a portion of the capital stock of
8 one of the following:
9 (i) A corporation or entity organized for the
10 purpose of purchasing and holding all the stock of the
11 converted stock company.
12 (ii) A stock company owned by the mutual company
13 into which the mutual company will be merged.
14 (iii) An unaffiliated stock company or other
15 corporation or entity that will purchase all the stock
16 of the converted stock company.
17 (b) For purposes of any plan, the following
18 transfers of subscription rights shall not be deemed an
19 unpermitted transfer under this chapter:
20 (i) Transfer of subscription rights from an
21 individual to such individual and such individual's
22 spouse or children or to a trust or other estate or
23 wealth planning entity established for the benefit
24 of such individual, or such individual's spouse or
25 children.
26 (ii) Transfer of subscription rights from an
27 individual to such individual's individual or joint
28 individual retirement account, or other tax-qualified
29 retirement plan.
30 (iii) Transfer of subscription rights from an
31 entity to the shareholders, partners, or members of
32 such entity.
33 (iv) Transfer of subscription rights from the
34 member to the mutual company, its proposed holding
35 company, or an unaffiliated stock company or other
36 corporation or entity that will purchase all the
37 stock of the converted stock company as provided in
38 subparagraph division (a), subparagraph subdivision
39 (iii).
40 (2) A provision that the subscription rights shall
41 be allocated in whole shares among the eligible members
42 using a fair and equitable formula. The formula need
43 not allocate subscription rights to eligible members
44 on a pro rata basis based on premium payments or
45 contributions to surplus, but may take into account how
46 the different types of policies of the eligible members
47 contributed to the surplus of the mutual company
48 or any other factors that may be fair or equitable.
49 Allocation of subscription rights on a per capita
50 basis shall be entitled to a presumption that such

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1 method is fair, subject to rebuttal of fairness by a
2 preponderance of evidence. In accordance with section
3 512.4, subsection 5, the commissioner may retain an
4 independent consultant to assist in the determination
5 that the allocation of subscription rights is fair and
6 equitable.

7 2. The plan shall provide a fair and equitable
8 means for allocating shares of capital stock in the
9 event of an oversubscription to shares by eligible
10 members exercising subscription rights received under
11 subsection 1, paragraph "c".

12 3. The plan shall provide that any shares of
13 capital stock not subscribed to by eligible members
14 exercising subscription rights received under
15 subsection 1, paragraph "c", shall be sold in a public
16 offering or to another corporation or entity that is
17 participating in the plan, as provided in subsection
18 1, paragraph "c", subparagraph (1). If the number
19 of shares of capital stock not subscribed by eligible
20 members is so small in number or other factors exist
21 that do not warrant the time or expense of a public
22 offering, or warrant the participation of standby
23 investors to facilitate completion of the conversion,
24 the plan may provide for sale of the unsubscribed
25 shares through a private placement or other alternative
26 method approved by the commissioner that is fair and
27 equitable to eligible members.

28 4. The plan shall provide for the preparation of
29 a valuation by a qualified independent expert that
30 establishes all of the following:

31 a. The dollar amount of the capital stock for
32 which subscription rights must be granted pursuant to
33 subsection 1, paragraph "c", which shall be equal to
34 the estimated pro forma market value of the converted
35 stock company. The qualified independent expert may do
36 all of the following:

37 (1) To the extent feasible, determine the pro forma
38 market value by reference to a peer group of stock
39 companies and the application of generally accepted
40 valuation techniques.

41 (2) State the pro forma market value of the
42 converted stock company as a range of value.

43 (3) Establish the value as the value that is
44 estimated to be necessary to attract full subscription
45 for the shares.

46 b. The dollar value of a subscription right based
47 upon the application of the Black-Scholes option
48 pricing model or another generally accepted option
49 pricing model. In connection with the determination of
50 stock price volatility or other valuation inputs used

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1 in option pricing models, the qualified independent
2 expert may assume that the attributes of the converted
3 stock company will be substantially similar to the
4 attributes of the stock of the peer companies used
5 to determine the estimated pro forma market value of
6 the converted stock company. Solely for purposes of
7 determining the value of a subscription right, the term
8 of a subscription right shall be deemed to be a minimum
9 of ninety days.

10 5. The plan shall provide that each eligible member
11 shall be given the right to require the mutual company
12 to redeem such subscription rights, in lieu of the
13 exercise of subscription rights allocated to such
14 eligible member, at a price equal to the number of
15 such subscription rights allocated to such eligible
16 member multiplied by the dollar value of a subscription
17 right as determined by the qualified independent
18 expert pursuant to subsection 4, paragraph "b". The
19 obligation of the mutual company to redeem such
20 subscription rights shall arise only upon the effective
21 date of the plan as provided in section 512.9. The
22 redemption price payable to each eligible member shall
23 be paid to such eligible member within thirty days
24 of the effective date of the plan. Alternatively,
25 the converted stock company may, but shall not be
26 required to, offer each eligible member the option
27 of receiving the redemption amount in cash or having
28 such redemption amount credited against future premium
29 payments. An eligible member that does not exercise
30 such eligible member's subscription rights and also
31 fails to affirmatively request redemption of such
32 subscription rights before the expiration of the
33 subscription offering, nevertheless shall be deemed to
34 have requested redemption of such eligible member's
35 subscription rights and shall receive the redemption
36 amount in cash in the manner otherwise provided in this
37 subsection.

38 6. The plan shall set the purchase price per share
39 of capital stock equal to any reasonable amount.
40 However, the minimum subscription amount required of
41 any eligible member cannot exceed five hundred dollars,
42 but the plan may provide that the minimum number of
43 shares any person may purchase pursuant to the plan is
44 twenty-five shares. The purchase price per share at
45 which capital stock is offered to persons who are not
46 eligible members may be greater than but not less than
47 the purchase price per share at which capital stock is
48 offered to eligible members.

49 7. The plan shall provide that any person or group
50 of persons acting in concert shall not acquire, in

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1 the public offering or pursuant to the exercise of
2 subscription rights, more than five percent of the
3 capital stock of the converted stock company or the
4 stock of another corporation that is participating
5 in the plan, as provided in subsection 1, paragraph
6 "c", subparagraph (1), subparagraph division (a),
7 subparagraph subdivision (i), (ii), or (iii), except
8 with the approval of the commissioner. This limitation
9 does not apply to any entity that is to purchase one
10 hundred percent of the capital stock of the converted
11 stock company as part of the plan approved by the
12 commissioner or to any person that acts as a standby
13 investor of the capital stock of the converted stock
14 company for an amount equal to ten percent or more
15 of the capital stock of the converted stock company,
16 provided that in each case such purchase by a standby
17 investor of ten percent or more of the capital stock
18 of the converted stock company is approved by the
19 commissioner in accordance with the law of this state
20 following the filing of an acquisition of control
21 statement.

22 8. The number of the common shares which any
23 person, together with any affiliates or group of
24 persons acting in concert, may subscribe for or
25 purchase in the converted stock company shall be
26 limited to not more than five percent of the common
27 shares. For this purpose, neither the members of the
28 governing body of the converted stock company nor of
29 its parent corporation, if any, shall be deemed to be
30 affiliates or a group of persons acting in concert
31 solely by reason of being members of the governing
32 body. This provision does not prohibit the directors
33 and officers from doing any of the following:

34 a. Making block purchases of one percent or more
35 of the outstanding common stock other than through a
36 broker-dealer if approved in writing by the division.

37 b. Exercising subscription rights received under
38 the plan.

39 c. Participating in a stock benefit plan permitted
40 by section 512.7, subsection 1, or approved by
41 shareholders pursuant to section 512.12, subsection 2.

42 9. The plan shall provide that, unless the common
43 shares have a public market when issued, officers and
44 directors of the converted stock company and their
45 affiliates shall not, for at least ninety days after
46 the date of conversion, purchase common shares of the
47 issuer, except in negotiated transactions involving
48 more than ten percent of the outstanding common shares,
49 and shall not sell stock purchased pursuant to this
50 section within one year after the effective date of

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1 the conversion, except that this section shall not be
2 deemed to restrict a transfer of stock by such director
3 or officer if the stock is the stock of a corporation
4 that is participating in the plan as provided in
5 subsection 1, paragraph "c", subparagraph (1),
6 subparagraph division (a), subparagraph subdivision
7 (iii), and has a class of stock registered under
8 the Securities Exchange Act of 1934, as amended, 15
9 U.S.C. §78a et seq., or if the transfer is to the
10 spouse or minor children of such director or officer,
11 or to a trust or other estate or wealth planning
12 entity established for the benefit of such director
13 or officer, or the spouse or minor children of such
14 director or officer.

15 10. The plan shall provide that the rights of
16 a holder of a surplus note to participate in the
17 conversion, if any, shall be governed by the terms of
18 the surplus note.

19 11. The plan shall provide that, without the
20 prior approval of the commissioner, a converted stock
21 company, or any corporation participating in the
22 conversion plan pursuant to subsection 1, paragraph
23 "c", subparagraph (1), subparagraph division (a),
24 subparagraph subdivision (i) or (ii), shall not, for a
25 period of five years from the date of the completion
26 of the conversion, repurchase any of its capital stock
27 from any person, except that this restriction shall not
28 apply to either of the following:

29 a. A repurchase on a pro rata basis pursuant to
30 an offer made to all shareholders of the converted
31 stock company, or any corporation participating in the
32 conversion plan pursuant to subsection 1, paragraph
33 "c", subparagraph (1), subparagraph division (a),
34 subparagraph subdivision (i) or (ii).

35 b. A purchase in the open market by a
36 tax-qualified, or nontax-qualified employee stock
37 benefit plan in an amount reasonable and appropriate
38 to fund the plan.

39 **Sec. 7. NEW SECTION. 512.7 Optional provisions of**
40 **plan of conversion.**

41 1. With the prior approval of the commissioner, the
42 plan may allocate to a tax-qualified employee benefit
43 plan nontransferable subscription rights to purchase up
44 to ten percent of the capital stock of the converted
45 stock company or the stock of another corporation that
46 is participating in the plan, as provided in section
47 512.6, subsection 1, paragraph "c", subparagraph (1),
48 subparagraph division (a), subparagraph subdivision
49 (iii). A tax-qualified employee benefit plan is
50 entitled to exercise subscription rights granted under

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1 this subsection regardless of the total number of
2 shares purchased by other persons.
3 2. With the prior approval of the commissioner,
4 the plan may provide that the other classes of
5 subscribers approved by the commissioner shall receive
6 nontransferable subscription rights to purchase
7 capital stock of the converted stock company or the
8 stock of another corporation that is participating in
9 the conversion plan, as provided in section 512.6,
10 subsection 1, paragraph "c", subparagraph (1),
11 subparagraph division (a), subparagraph subdivision
12 (iii). Other classes of subscribers that may be
13 approved by the commissioner include, without
14 limitation, any of the following:
15 a. Members of the mutual company that became
16 members after the date fixed for establishing eligible
17 members.
18 b. The shareholders of another corporation that
19 is participating in the plan, as provided in section
20 512.6, subsection 1, paragraph "c", subparagraph (1),
21 subparagraph division (a), subparagraph subdivision
22 (iii).
23 c. The shareholders of another corporation that is
24 a party to an acquisition, merger, consolidation, or
25 other similar transaction with the mutual company.
26 Sec. 8. NEW SECTION. 512.8 Alternative plan of
27 conversion.
28 1. The governing body may adopt a plan of
29 conversion that does not rely in whole or in part upon
30 issuing nontransferable subscription rights to members
31 to purchase stock of the converted stock company if the
32 commissioner finds that the plan does not prejudice
33 the interests of the members, is fair and equitable,
34 and is not inconsistent with the purpose of this
35 chapter. Subject to a finding of the commissioner
36 that an alternative plan is fair and equitable and is
37 not inconsistent with the purpose of this chapter, an
38 alternative plan may do any of the following:
39 a. Include the merger of a domestic mutual company
40 into a domestic or foreign stock company.
41 b. Provide for issuing transferable or redeemable
42 subscription rights.
43 c. Provide for issuing stock, cash, policyholder
44 credits, or other consideration, or any combination
45 of the foregoing, to members instead of subscription
46 rights.
47 d. Provide for partial conversion of the mutual
48 company and formation of a mutual holding company
49 pursuant to section 521A.14.
50 e. Set forth another plan containing any other

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1 provisions approved by the commissioner.

2 2. The commissioner may approve a partial
3 conversion pursuant to this chapter and formation of a
4 mutual holding company pursuant to section 521A.14.

5 Sec. 9. NEW SECTION. 512.9 Effective date of plan
6 of conversion.

7 A plan of conversion is effective when the
8 commissioner has approved the plan, the voting members
9 have approved the plan and adopted the amended and
10 restated articles of incorporation of the converted
11 stock company, and the amended and restated articles of
12 incorporation are filed in the office of the secretary
13 of state of this state. The secretary of state shall
14 accept for filing a verified copy of the amended and
15 restated articles of incorporation of the converted
16 stock company.

17 Sec. 10. NEW SECTION. 512.10 Rights of members
18 whose policies are issued after adoption of plan of
19 conversion and before effective date.

20 1. All members whose policies are issued after the
21 proposed plan of conversion has been adopted by the
22 governing body and before the effective date of the
23 plan shall be sent a written notice regarding the plan
24 upon issuance of such policy.

25 2. A member of a life or health insurance company
26 entitled to be sent the notice described in subsection
27 1 is entitled to rescind the member's policy and
28 receive a full refund of any amounts paid for the
29 policy or contract within ten days after such member
30 has received the notice. Except as provided in
31 subsection 3, each member of a property or casualty
32 insurance company entitled to receive the notice
33 provided for in subsection 1 shall be advised of the
34 member's right of cancellation and to a pro rata refund
35 of unearned premiums.

36 3. A member of a life or health insurance company,
37 or property or casualty insurance company, who has made
38 or filed a claim under such member's insurance policy
39 shall not be entitled to any right to receive any
40 refund under subsection 2. A person who has exercised
41 the rights provided by subsection 2 shall not be
42 entitled to make or file any claim under such person's
43 insurance policy.

44 Sec. 11. NEW SECTION. 512.11 Corporate existence.

45 1. On the effective date of the conversion, the
46 corporate existence of the mutual company continues in
47 the converted stock company. The commissioner shall
48 issue a new certificate of authority to the converted
49 stock company effective on the date specified in the
50 plan. The converted stock company is a continuation

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1 of the mutual insurance company and the conversion
2 does not annul or modify any of the mutual insurance
3 company's existing suits, contracts, or liabilities
4 except as provided in the approved conversion plan.
5 All rights, franchises, and interests of the mutual
6 insurance company in and to property, assets, and other
7 interests shall be transferred to and shall vest in the
8 converted stock company and the converted stock company
9 shall assume all obligations and liabilities of the
10 mutual insurance company. The converted stock company
11 shall exercise all rights and powers and perform
12 all duties conferred or imposed by law on insurance
13 companies writing the classes of insurance written
14 by the converted stock company, and shall retain the
15 rights and contracts existing before conversion,
16 subject to provisions of the plan.

17 2. Unless otherwise specified in the plan of
18 conversion, the persons who are directors and officers
19 of the mutual company or the mutual holding company on
20 the effective date of the conversion shall serve as
21 directors and officers of the converted stock company
22 until new directors and officers of the converted
23 stock company are elected pursuant to the amended and
24 restated articles of incorporation and bylaws of the
25 converted stock company.

26 **Sec. 12. NEW SECTION. 512.12 Conflict of interest.**

27 1. A director, officer, agent, or employee of the
28 mutual company shall not receive any fee, commission,
29 or other valuable consideration, other than such
30 person's usual regular salary or compensation, for
31 aiding, promoting, or assisting in a conversion
32 under this chapter, except as provided for in the
33 plan approved by the commissioner. This provision
34 does not prohibit the payment of reasonable fees and
35 compensation to attorneys, accountants, financial
36 advisors, and actuaries for services performed in the
37 independent practice of their professions, even if the
38 attorney, accountant, financial advisor, or actuary is
39 also a director or officer of the mutual company.

40 2. For a period of the later of five years after
41 the effective date of the conversion, or five years
42 following the date of distribution of consideration to
43 the members in exchange for their membership interests,
44 a converted stock company shall not implement any
45 nontax-qualified stock benefit plan unless the plan is
46 approved by a majority of votes cast at a duly-convened
47 meeting of shareholders held not less than six months
48 after the effective date of the conversion.

49 3. All the costs and expenses connected with a
50 plan of conversion shall be paid for or reimbursed

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1 by the mutual company or the converted stock company.
2 However, if the plan provides for participation by
3 another corporation or stock company in the plan
4 pursuant to section 512.6, subsection 1, paragraph
5 "c", subparagraph (1), subparagraph division (a), the
6 corporation or stock company may pay for or reimburse
7 all or a portion of the costs and expenses connected
8 with the plan.

9 Sec. 13. NEW SECTION. 512.13 Failure to give
10 notice.

11 If the mutual company complies substantially and
12 in good faith with the notice requirements of this
13 chapter, the mutual company's failure to send a member
14 the required notice does not impair the validity of any
15 action taken under this chapter.

16 Sec. 14. NEW SECTION. 512.14 Limitation on
17 actions.

18 Any action challenging the validity of or arising
19 out of acts taken or proposed to be taken under this
20 chapter shall be commenced not later than thirty days
21 following the date of approval by the commissioner,
22 unless an application for rehearing is filed pursuant
23 to section 17A.16, subsection 2. If an application
24 for rehearing is filed, then such action must be filed
25 within thirty days after that application is denied or
26 deemed denied or, if the application is granted, within
27 thirty days after the issuance of the commissioner's
28 final decision on rehearing. The converted stock
29 company or any defendant may petition the court
30 in such action to give security for the reasonable
31 attorney fees which may be incurred by any party to the
32 action. The amount of the security may be increased
33 or decreased in the discretion of the court having
34 jurisdiction if a showing is made that the security
35 provided is or may become inadequate or excessive.

36 Sec. 15. NEW SECTION. 512.15 Rules.

37 The commissioner shall adopt rules pursuant to
38 chapter 17A to carry out the provisions of this
39 chapter.

40 Sec. 16. NEW SECTION. 512.16 Laws applicable to
41 converted stock company.

42 1. A mutual company shall not be permitted to
43 convert under this chapter if, as a direct result
44 of the conversion, a person or any affiliate of the
45 person acquires control of the converted stock company,
46 unless the person and the person's affiliates comply
47 with the provisions of this state's laws regarding the
48 acquisition of control of an insurance company.

49 2. Except as otherwise specified in this chapter,
50 a stock company converted under this chapter shall

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1 have and may exercise all the rights and privileges
2 and shall be subject to all of the requirements and
3 regulations imposed on stock companies under this
4 chapter and any other laws of this state relating to
5 the regulation and supervision of insurance companies,
6 but the stock company shall not exercise any rights or
7 privileges which other stock companies cannot exercise.
8 Sec. 17. NEW SECTION. 512.17 Commencement of
9 business as a stock company.

10 A mutual company shall not have the power to engage
11 in the business of insurance as a stock company until
12 it complies with all provisions of this chapter.

13 Sec. 18. NEW SECTION. 512.18 Amendment of
14 policies.

15 A mutual company, by endorsement or rider approved
16 by the commissioner and sent to a member, may
17 simultaneously with or at any time after the adoption
18 of a plan of conversion amend any outstanding insurance
19 policy for the purpose of extinguishing the right
20 of the member to share in the surplus of the mutual
21 company. However, this amendment shall be null and
22 void if the plan of conversion is not submitted to the
23 commissioner or, if submitted, is disapproved by the
24 commissioner or, if approved by the commissioner, is
25 not approved by the eligible members on or before the
26 first anniversary of its approval by the commissioner.

27 Sec. 19. NEW SECTION. 512.19 Prohibition on
28 acquisitions of control.

29 Except as otherwise specifically provided in section
30 512.6, from the date a plan of conversion is adopted
31 by the governing body of a mutual company until five
32 years after the effective date of the plan, a person
33 shall not directly or indirectly offer to acquire, make
34 any announcement to acquire or acquire in any manner,
35 including making a filing with the division for such
36 acquisition under a statute or rule of this state, the
37 beneficial ownership of ten percent or more of a class
38 of a voting security of the converted stock company
39 or of a person which controls the voting securities
40 of the converted stock company, unless the converted
41 stock company or a person who controls the voting
42 securities of the converted stock company consents to
43 such acquisition and such acquisition is otherwise
44 approved by the commissioner.>

PETTENGILL of Benton

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Senate File 2201

H-8104

- 1 Amend Senate File 2201, as amended, passed, and
- 2 reprinted by the Senate, as follows:
- 3 1. Page 1, lines 34 and 35, by striking <but whose>
- 4 and inserting <whether or not the>

DAWSON of Woodbury



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House Resolution 116 - Introduced

HOUSE RESOLUTION NO. 116

BY HEDDENS and WESSEL-KROESCHELL

1 A Resolution honoring the sesquicentennial anniversary
2 of the city of Ames.

3 WHEREAS, 2014 is the 150th anniversary of the
4 platting and recording of the first 12 blocks of the
5 city of Ames; and

6 WHEREAS, from its humble beginnings on December
7 17, 1864, the city of Ames has changed and grown and
8 prospered; and

9 WHEREAS, the city of Ames provides its residents
10 with quality of life amenities second to none; and

11 WHEREAS, the city of Ames has received numerous
12 national awards and recognitions including being ranked
13 the United States city with the 3rd lowest unemployment
14 rate by Forbes in 2014, 32nd in the "Top 100 Most
15 Livable Cities in America" by Livability.com in 2014,
16 15th nationally in the "Best Small Places for Business
17 and Careers" by Forbes in 2013, and one of the top 25
18 Best Places to Retire in 2013 by Forbes.com; and

19 WHEREAS, Ames High School is ranked 3rd within Iowa
20 by U.S. News & World Report; and

21 WHEREAS, the city of Ames is home to Iowa State
22 University, the largest university in the state, a
23 recognized national leader in science and technology,
24 and home to the Iowa State University Bioeconomy
25 Institute, a pioneer in developing new sources of
26 energy and other products from renewable sources; and

27 WHEREAS, C.Y. Stephens Auditorium, located on
28 the Iowa State University campus, has been named

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H.R. 116

1 Building of the Century by the American Institute of
2 Architects; and

3 WHEREAS, the city of Ames is also the home of
4 innovative companies focused on biotechnology,
5 cyber-innovation, agriculture, and health and wellness,
6 as well as the thriving Iowa State University Research
7 Park which supports the development of world-class
8 companies; and

9 WHEREAS, to acknowledge the sesquicentennial, the
10 Ames 150 celebration steering committee of dedicated
11 volunteers is planning celebratory events, public
12 education opportunities, and legacy projects for future
13 generations; and

14 WHEREAS, the year-long Ames 150 celebration began
15 with the first-ever public Chamber of Commerce annual
16 dinner in January and will continue with an expanded
17 Fourth of July festival and an autumn Dinkey Days
18 celebration; and

19 WHEREAS, the year will culminate with the Platting
20 Day festivities in December 2014; NOW THEREFORE,

21 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES, That
22 the House of Representatives honors the city of Ames on
23 the occasion of its sesquicentennial anniversary and
24 invites all Iowans to participate in this year-long
25 celebration of the history of the city of Ames.

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Senate File 2299

S-5049

1 Amend Senate File 2299 as follows:

2 1. Page 1, before line 1 by inserting:

3 <Section 1. Section 321J.2, subsection 3, paragraph
4 c, unnumbered paragraph 1, Code 2014, is amended to
5 read as follows:

6 Assessment of a fine of one thousand two hundred
7 fifty dollars. However, ~~in the discretion of the~~
8 ~~court~~, if no personal ~~or property~~ injury has resulted
9 from the defendant's actions, the court ~~may~~ shall waive
10 ~~up to~~ six hundred twenty-five dollars of the fine when
11 the defendant presents to the court ~~at the end of the~~
12 ~~minimum period of ineligibility~~ a temporary restricted
13 license issued pursuant to section 321J.20.>

14 2. Page 8, after line 7 by inserting:

15 <d. For purposes of paragraphs "b" and "c", an
16 "event" means an attempt to start a motor vehicle in
17 which the ignition interlock device is installed with
18 a breath alcohol concentration of .04 or above three
19 times within a fifteen-minute period.>

20 3. Page 8, before line 8 by inserting:

21 <Sec. _____. NEW SECTION. 321J.17A Ignition
22 interlock device providers — low-income rate costs.

23 An approved ignition interlock device provider shall
24 not charge more than two hundred fifty dollars for
25 costs associated with the installation, maintenance,
26 and removal of an approved ignition interlock device
27 for a six-month period to any of the following persons:

28 1. A person with an income equal to or less than
29 one hundred fifty percent of the federal poverty level.

30 2. A person who qualifies for programs supporting
31 low-income persons including but not limited to
32 the medical assistance program, the Iowa health and
33 wellness plan, the federal food assistance programs,
34 and any other state or federal benefit assistance
35 program administered by the department of human
36 services.>

37 4. By renumbering as necessary.

CHRIS BRASE

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Senate File 2250

S-5050

1 Amend Senate File 2250 as follows:

2 1. By striking everything after the enacting clause
3 and inserting:

4 <Section 1. Section 321.1, subsections 89, 92, and
5 93, Code 2014, are amended to read as follows:

6 89. "Used vehicle parts dealer" means a person
7 engaged in, or advertising as being engaged in, the
8 business of selling bodies, parts of bodies, frames,
9 or component parts of used vehicles subject to
10 registration under this chapter.

11 92. "Vehicle rebuilder" means a person engaged in,
12 or advertising as being engaged in, the business of
13 rebuilding or restoring to operating condition vehicles
14 subject to registration under this chapter, which have
15 been damaged or wrecked.

16 93. "Vehicle salvager" means a person engaged in,
17 or advertising as being engaged in, the business of
18 scrapping vehicles, dismantling or storing wrecked
19 or damaged vehicles or selling reusable parts of
20 vehicles or storing vehicles not currently registered
21 which vehicles are subject to registration under this
22 chapter.

23 Sec. 2. Section 321H.2, subsections 6, 8, and 9,
24 Code 2014, are amended to read as follows:

25 6. "Used vehicle parts dealer" means a person
26 engaged in, or advertising as being engaged in, the
27 business of selling bodies, parts of bodies, frames,
28 or component parts of used vehicles subject to
29 registration.

30 8. "Vehicle rebuilder" means a person engaged in,
31 or advertising as being engaged in, the business of
32 rebuilding or restoring to operating condition vehicles
33 subject to registration which have been damaged or
34 wrecked.

35 9. "Vehicle salvager" means a person engaged in,
36 or advertising as being engaged in, the business of
37 scrapping, recycling, dismantling, or storing wrecked
38 or damaged vehicles or selling reusable parts of
39 vehicles or storing vehicles not currently registered
40 which vehicles are vehicles subject to registration.

41 Sec. 3. Section 321H.3, unnumbered paragraph 1,
42 Code 2014, is amended to read as follows:

43 Except for educational institutions; persons
44 licensed as new vehicle dealers under chapter 322;
45 persons engaged in a hobby not for profit; persons
46 engaged in the business of purchasing bodies, parts
47 of bodies, frames, or component parts of vehicles
48 only for sale as scrap metal; insurance companies
49 governed by chapter 515; county mutual insurance
50 associations governed by chapter 518; state mutual

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1 insurance associations governed by chapter 518A; or
2 persons licensed under the provisions of this chapter
3 as authorized vehicle recyclers, a person in this state
4 shall not engage in, or advertise as being engaged in,
5 the business of any of the following:>
6 2. Title page, by striking lines 1 and 2 and
7 inserting <and defining the term "scrapping">

TOD R. BOWMAN



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Senate File 2321

S-5051

1 Amend Senate File 2321 as follows:
2 1. By striking everything after the enacting clause
3 and inserting:
4 <Section 1. Section 29B.16, Code 2014, is amended
5 to read as follows:
6 **29B.16 Jurisdiction of courts-martial in general.**
7 1. Each force of the state military forces has
8 court-martial jurisdiction over all persons subject to
9 this code.
10 2. Courts-martial have primary jurisdiction of
11 military offenses as defined in sections 29B.77 through
12 29B.116 of this code.
13 Sec. 2. **NEW SECTION. 29B.90A Interference with**
14 **report of a crime to civilian law enforcement.**
15 Any person subject to this code shall be punished as
16 a court-martial may direct if the person does any of
17 the following:
18 1. Interferes with or reprises against any member
19 of the state military forces who has indicated the
20 intent to make or who has made a report to civilian
21 law enforcement of a crime listed in section 29B.116A,
22 subsection 1, where the accused and the victim are
23 subject to this code at the time of the offense.
24 2. Fails to cooperate with or obstructs a civilian
25 law enforcement investigation based upon a report in
26 subsection 1.
27 Sec. 3. Section 29B.116, Code 2014, is amended to
28 read as follows:
29 **29B.116 General article.**
30 ~~Though Subject to section 29B.116A, though not~~
31 ~~specifically mentioned in this code, all disorders and~~
32 ~~neglects to the prejudice of good order and discipline~~
33 ~~in the state military forces and all conduct of a~~
34 ~~nature to bring discredit upon the state military~~
35 ~~forces, of which persons subject to this code may be~~
36 ~~guilty, shall be taken cognizance of by a general,~~
37 ~~special, or summary court-martial, according to the~~
38 ~~nature and degree of the offense, and shall be punished~~
39 ~~at the discretion of that court. However, cognizance~~
40 ~~shall not be taken of, and jurisdiction shall not be~~
41 ~~extended to, the crimes of murder, manslaughter, sexual~~
42 ~~abuse, robbery, maiming, arson, extortion, assault,~~
43 ~~burglary, or housebreaking, jurisdiction of which is~~
44 ~~reserved to civil courts.~~
45 Sec. 4. **NEW SECTION. 29B.116A Jurisdiction of**
46 **offenses by civilian courts and notification of civilian**
47 **authorities.**
48 1. a. Jurisdiction under this code shall not
49 be extended to the crimes of murder, manslaughter,
50 sexual abuse, robbery, arson, extortion, assault, or

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1 burglary, jurisdiction of which is reserved exclusively
2 to civilian courts.
3 **b.** The term "*civilian criminal offenses*" includes
4 all offenses not defined in this code. Primary
5 jurisdiction over civilian criminal offenses shall be
6 with civilian courts, even when committed by a member
7 of the state military forces while subject to this
8 code.
9 **c.** Where a civilian criminal offense and a military
10 offense defined in this code may be charged based
11 on the same event, concurrent civilian and military
12 jurisdiction shall exist.
13 **2. a.** A commander, who is made aware of an
14 allegation that an offense under subsection 1,
15 paragraph "*a*" or "*b*", has been committed by a member
16 of the state military forces against another member of
17 the state military forces while both are subject to
18 this code, shall notify local civilian law enforcement
19 authorities without delay.
20 **b.** (1) Regarding an allegation of sexual abuse,
21 the commander shall provide the person making the
22 allegation with written notice of the person's right
23 to notify local civilian law enforcement authorities
24 independently, as described in subsection 3. The
25 written notice shall include contact information for an
26 appropriate civilian law enforcement authority.
27 (2) Regarding an allegation of sexual abuse, the
28 commander's obligation to notify under paragraph "*a*"
29 shall not apply to an allegation that is a restricted
30 report, as that term is defined in federal military
31 regulations. The commander's obligation to notify
32 under paragraph "*a*" shall apply to an allegation of
33 sexual abuse that is an unrestricted report, as that
34 term is defined in federal military regulations. The
35 commander's written notification under subparagraph
36 (1) shall inform the person making an allegation of
37 sexual abuse that if the person consents to making
38 an unrestricted report that the person is thereby
39 consenting to the commander notifying an appropriate
40 civilian law enforcement authority so that such an
41 authority may initiate an investigation or collect
42 evidence. The commander's written notification under
43 subparagraph (1) shall also inform the person making
44 the allegation that if the person consents to making an
45 unrestricted report that the person is not required to
46 speak with civilian law enforcement investigators or
47 otherwise participate in an investigation by a civilian
48 law enforcement authority.
49 **3.** Members of the state military forces who are
50 victims of offenses described in subsection 1 retain

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1 the right to notify local civilian law enforcement
2 authorities independently.

3 Sec. 5. NEW SECTION. **29B.116B Adjutant general**
4 **report.**

5 The adjutant general shall report annually, by
6 January 15, to the governor and to the chairpersons
7 and ranking members of the general assembly's standing
8 committees on veterans affairs on the number of
9 offenses described in section 29B.116A, subsection
10 1, which have reported to civilian law enforcement
11 authorities in the prior year, if such offenses were
12 committed by a member of the state military forces
13 against another member of the state military forces
14 while both are subject to this code. The report shall
15 provide such numbers by type of offense.

16 Sec. 6. Section 803.1, subsection 1, Code 2014, is
17 amended by adding the following new paragraph:

18 NEW PARAGRAPH. *f.* The offense is committed by a
19 member of the state military forces against another
20 member of the state military forces, both are in a duty
21 status at the time of the offense, whether inside or
22 outside the state, and the offense is one for which
23 civil courts have jurisdiction under section 29B.116A.
24 However, for those offenses subject to both civilian
25 and military jurisdiction, civilian jurisdiction shall
26 not be declined solely on that basis.>

27 2. Title page, by striking lines 1 through 4 and
28 inserting <An Act relating to jurisdiction over certain
29 offenses committed by members of the state military
30 forces, and establishing certain notification and
31 reporting requirements.>

STEVEN J. SODDERS



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Senate File 2250

S-5052

1 Amend Senate File 2250 as follows:

2 1. By striking everything after the enacting clause
3 and inserting:

4 <Section 1. Section 321.1, subsections 89, 92, and
5 93, Code 2014, are amended to read as follows:

6 89. "Used vehicle parts dealer" means a person
7 engaged in, or advertising as being engaged in, the
8 business of selling bodies, parts of bodies, frames,
9 or component parts of used vehicles subject to
10 registration under this chapter.

11 92. "Vehicle rebuilder" means a person engaged in,
12 or advertising as being engaged in, the business of
13 rebuilding or restoring to operating condition vehicles
14 subject to registration under this chapter, which have
15 been damaged or wrecked.

16 93. "Vehicle salvager" means a person engaged in,
17 or advertising as being engaged in, the business of
18 scrapping vehicles, dismantling or storing wrecked
19 or damaged vehicles or selling reusable parts of
20 vehicles or storing vehicles not currently registered
21 which vehicles are subject to registration under this
22 chapter.

23 Sec. 2. Section 321H.2, subsections 6, 8, and 9,
24 Code 2014, are amended to read as follows:

25 6. "Used vehicle parts dealer" means a person
26 engaged in, or advertising as being engaged in, the
27 business of selling bodies, parts of bodies, frames,
28 or component parts of used vehicles subject to
29 registration.

30 8. "Vehicle rebuilder" means a person engaged in,
31 or advertising as being engaged in, the business of
32 rebuilding or restoring to operating condition vehicles
33 subject to registration which have been damaged or
34 wrecked.

35 9. "Vehicle salvager" means a person engaged in,
36 or advertising as being engaged in, the business of
37 scrapping, recycling, dismantling, or storing wrecked
38 or damaged vehicles or selling reusable parts of
39 vehicles or storing vehicles not currently registered
40 which vehicles are vehicles subject to registration.

41 Sec. 3. Section 321H.3, unnumbered paragraph 1,
42 Code 2014, is amended to read as follows:

43 Except for educational institutions; persons
44 licensed as new vehicle dealers under chapter 322;
45 persons engaged in a hobby not for profit; persons
46 engaged in the business of purchasing bodies, parts
47 of bodies, frames, or component parts of vehicles
48 only for sale as scrap metal; insurance companies
49 governed by chapter 515; county mutual insurance
50 associations governed by chapter 518; state mutual

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1 insurance associations governed by chapter 518A; or
2 persons licensed under the provisions of this chapter
3 as authorized vehicle recyclers, a person in this state
4 shall not engage in, or advertise as being engaged in,
5 the business of any of the following:>
6 2. Title page, lines 1 and 2, by striking <and
7 defining the term "scrapping">

TOD R. BOWMAN



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Senate File 2284

S-5053

- 1 Amend Senate File 2284 as follows:
2 1. Page 1, after line 8 by inserting:
3 <Sec. _____. Section 214.1, subsection 1, Code 2014,
4 is amended to read as follows:
5 1. "Biodiesel", "biodiesel fuel", "biofuel", "diesel
6 fuel", "E-85 gasoline", "ethanol", "gasoline", "motor
7 fuel", "retail dealer", "retail motor fuel site", and
8 "wholesale dealer" mean the same as defined in section
9 214A.1.>
10 2. Page 1, by striking lines 11 through 34 and
11 inserting:
12 <1. A retail dealer operating a retail motor fuel
13 site shall comply with the applicable requirements of
14 the Americans with Disabilities Act of 1990, to the
15 extent required in that Act.
16 2. a. A retail dealer operating a retail motor
17 fuel site shall offer refueling assistance upon the
18 request of a customer who is an individual with a
19 disability, if any of the following applies:
20 (1) The retail dealer is required to comply with
21 the provisions of subsection 1.
22 (2) On or after the effective date of this Act, the
23 retail dealer modifies or replaces a structure that is
24 part of the retail motor fuel site, including but not
25 limited to the exterior or interior of any building,
26 a motor fuel pump, or a motor fuel storage tank. A
27 modification does not include a cosmetic improvement
28 or minor repair.
29 b. A retail dealer shall provide refueling
30 assistance under paragraph "a" by doing all of the
31 following:
32 (1) Displaying two signs indicating that the retail
33 motor fuel site offers refueling assistance consistent
34 with the Americans with Disabilities Act of 1990 and
35 this section.
36 (a) The first sign shall bear the international
37 symbol of accessibility and be posted in a conspicuous
38 place that notifies the traveling public that the
39 retail motor fuel site offers refueling assistance to
40 individuals with disabilities. The sign shall be at
41 least eighteen inches in width and twenty-four inches
42 in height.
43 (b) The second sign shall notify customers of
44 the hours that refueling assistance is available.
45 The second sign shall be posted near a motor fuel
46 pump where a call button is located as provided in
47 subparagraph (2) and be easily readable by customers.
48 The sign shall be nine inches in width and nine inches
49 in height.
50 (2) Installing and maintaining at least one large

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1 call button that is accessible by a customer who may
2 request refueling assistance during the hours posted.
3 (a) A call button shall be located near each
4 motor fuel pump that dispenses a type of motor fuel
5 classified as diesel fuel, gasoline, or E-85 gasoline.
6 However, a call button is not required to be located
7 near a motor fuel pump that dispenses a type of motor
8 fuel if the call button is also near a motor fuel pump
9 that dispenses another type of motor fuel. A call
10 button shall be located within the reach of a customer
11 who is inside a motor vehicle and capable of being
12 operated by a customer with a closed hand.
13 (b) A call button when activated must emit a
14 recognizable sound inside a structure where an employee
15 is regularly on duty.
16 c. Notwithstanding paragraphs "a" and "b", a retail
17 dealer is not required to provide refueling assistance
18 as follows:
19 (1) If the retail motor fuel site is a tank wagon.
20 (2) If the retail motor fuel site has two or fewer
21 licensed motor fuel pumps.
22 (3) At any time that the retail motor fuel site is
23 operating on a remote control basis with fewer than two
24 employees on duty at the retail motor fuel site.>
25 3. Page 2, after line 29 by inserting:
26 <Sec. _____. **NEW SECTION. 422.11K Accessibility of**
27 **motor fuel pumps tax credit.**
28 1. The taxes imposed in this division, less the
29 credits allowed under section 422.12, shall be reduced
30 by an accessibility of motor fuel pumps tax credit.
31 2. The taxpayer must qualify as all of the
32 following:
33 a. A retail dealer who sells and dispenses motor
34 fuel through a motor fuel pump located at the retail
35 dealer's permanent retail motor fuel site operating in
36 compliance with chapter 214.
37 b. An eligible small business as defined in 26
38 U.S.C. §44.
39 3. a. A taxpayer may claim a tax credit for
40 providing refueling assistance to customers as provided
41 in section 214.12.
42 b. This section does not require that a taxpayer be
43 eligible to claim a tax credit under 26 U.S.C. §44 or
44 actually claim a tax credit under that section.
45 c. A taxpayer may claim a tax credit as provided
46 in this section regardless of whether the taxpayer is
47 required to provide refueling assistance under section
48 214.12.
49 4. The taxpayer must file a claim for a tax credit
50 and any required supporting documentation in a form and

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1 manner prescribed by the department.
2 5. The amount of a tax credit under this section
3 shall not exceed actual and necessary expenditures
4 incurred by a retail dealer in providing refueling
5 assistance to customers at a retail motor fuel site
6 as provided in section 214.12. The expenditures must
7 directly relate to preparing or displaying signs and
8 installing at least one call button as provided in that
9 section.
10 6. The amount of a tax credit shall not exceed five
11 hundred dollars for each retail motor fuel site where
12 the retail dealer sells and dispenses motor fuel and
13 where the retail dealer provides refueling assistance
14 as provided in subsection 5.
15 7. If a tax credit is allowed, the amount of the
16 tax credit claimed shall not be deductible under any
17 other provision of law in determining taxable income
18 for state tax purposes.
19 8. a. A tax credit in excess of the taxpayer's
20 liability for the tax year is not refundable but may be
21 credited to the tax liability for the following five
22 years or until depleted, whichever is earlier.
23 b. A tax credit shall not be carried back to a tax
24 year prior to the tax year in which the taxpayer claims
25 the tax credit.
26 Sec. _____. Section 422.33, Code 2014, is amended by
27 adding the following new subsection:
28 NEW SUBSECTION. 11. The taxes imposed under this
29 division shall be reduced by an accessibility of motor
30 fuel pumps tax credit. The taxpayer may claim the tax
31 credit according to the same requirements, for the same
32 amount, and calculated in the same manner, as provided
33 in section 422.11K.>
34 4. By striking page 2, line 34, through page 3,
35 line 1, and inserting <subsection 2 requiring that
36 signs and one or more call buttons be located at a
37 retail motor fuel site take effect January 1, 2015.
38 Sec. _____. APPLICABILITY. The sections of this Act
39 enacting section 422.11K and section 422.33, subsection
40 11, apply to tax years beginning on or after January
41 1, 2015.>
42 5. Title page, by striking lines 4 and 5 and
43 inserting <department of agriculture and land
44 stewardship, providing for a tax credit, and including
45 effective and applicability date provisions.>
46 6. By renumbering as necessary.

RITA HART

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Senate File 2289

S-5054

1 Amend the amendment, S-5044, to Senate File 2289 as
2 follows:

3 1. Page 2, after line 12 by inserting:
4 <Sec. _____. Section 321.276, subsection 3, Code
5 2014, is amended to read as follows:

6 3. a. ~~Nothing in this~~ Except as provided in this
7 subsection, this section shall not be construed to
8 authorize a peace officer to confiscate a portable
9 electronic communication device from the driver or
10 occupant of a motor vehicle.

11 b. A peace officer shall not view the contents
12 of an electronic communication device for purposes of
13 enforcement of this section without a search warrant
14 obtained in accordance with chapter 808.

15 c. A peace officer may seize an electronic
16 communication device from the driver or an occupant
17 of a motor vehicle as evidence relating to an
18 investigation of an accident involving the motor
19 vehicle, but shall not view the contents of the device
20 until a search warrant has been obtained in accordance
21 with chapter 808.>

22 2. By renumbering as necessary.

JACK WHITVER

TOD R. BOWMAN

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Senate File 2289

S-5055

- 1 Amend Senate File 2289 as follows:
2 1. By striking everything after the enacting clause
3 and inserting:
4 <Section 1. NEW SECTION. 321.276A Common sense
5 while driving.
6 In addition to the other requirements of this
7 chapter, a person shall use common sense when operating
8 a motor vehicle.>
9 2. By renumbering as necessary.

BRAD ZAUN



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Senate File 2333 - Introduced

SENATE FILE 2333

BY RAGAN, FEENSTRA, BOETTGER,
and BEALL

A BILL FOR

1 An Act relating to renewable fuels, by modifying the rate of
2 the E-15 plus gasoline promotion tax credit and extending
3 provisions for a biodiesel production refund, and including
4 effective date and retroactive applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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da/rj



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S.F. 2333

1 DIVISION I
2 E-15 PLUS GASOLINE PROMOTION TAX CREDIT
3 Section 1. Section 422.11Y, subsection 4, paragraph b, Code
4 2014, is amended to read as follows:
5 b. The designated rate of the tax credit for the following
6 three periods within each calendar year is as follows:
7 ~~(1) For calendar year 2012, calendar year 2013, and calendar~~
8 ~~year 2014~~
9 (1) For the first period beginning January 1 and ending May
10 31, three cents.
11 (2) For the second period beginning June 1 and ending
12 September 15, ten cents.
13 ~~(3) For calendar year 2015, calendar year 2016, and calendar~~
14 ~~year 2017~~ the third period beginning September 16 and ending
15 December 31, two three cents.
16 Sec. 2. EFFECTIVE DATE. This division of this Act, being
17 deemed of immediate importance, takes effect upon enactment.
18 Sec. 3. RETROACTIVE APPLICABILITY. Section 422.11Y, as
19 amended in this division of this Act, and section 422.33,
20 subsection 11D, as applied through section 422.11Y, as amended
21 in this division of this Act, apply retroactively to tax years
22 beginning on and after January 1, 2014.

23 DIVISION II
24 BIODIESEL PRODUCTION REFUND
25 Sec. 4. Section 423.4, subsection 9, paragraphs b and e,
26 Code 2014, are amended to read as follows:
27 b. The amount of the refund shall be calculated by
28 multiplying a designated rate by the total number of gallons
29 of biodiesel produced by the biodiesel producer in this state
30 during each quarter of a calendar year. The designated rate
31 shall be as follows:
32 ~~(1) For the calendar year 2012, three cents.~~
33 ~~(2) For the calendar year 2013, two and one-half cents.~~
34 ~~(3) For the calendar year 2014, two cents.~~
35 e. This subsection is repealed on January 1, 2015 2020.

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1 EXPLANATION

2 The inclusion of this explanation does not constitute agreement with
3 the explanation's substance by the members of the general assembly.

4 BACKGROUND. In 2011, the general assembly enacted SF 531
5 (2011 Iowa Acts, chapter 113) which provides for the regulation
6 and promotion of renewable fuels. In part, the Act established
7 an E-15 plus gasoline promotion tax credit which began on July
8 1, 2011, and is due to be eliminated on January 1, 2018 (Code
9 sections 422.11Y and 422.33(11D)), and a biodiesel producer
10 refund which applied on and after January 1, 2012, and is due
11 to be eliminated on January 1, 2015 (Code section 423.4(9)).

12 E-15 TAX CREDIT. The E-15 plus gasoline promotion tax
13 credit is calculated on the total gallons of ethanol blended
14 gasoline, classified as E-15 and higher, and sold and dispensed
15 by a retail dealer (see Code section 214A.1) during each
16 quarter. The amount of the tax credit equals a constant
17 (designated) rate multiplied by the total number of gallons of
18 E-15 or higher sold and dispensed by the retail dealer during
19 a calendar year assuming the retail dealer's tax year is on a
20 calendar year basis. A designated rate of 3 cents applies to
21 each calendar year from 2012 through 2014. The designated rate
22 is then reduced to 2 cents which will apply to each calendar
23 year from 2015 through 2017 when the tax credit expires. The
24 same calculations are applied to retail dealers whose tax
25 years are not based on a calendar year (701 IAC 42.46). The
26 bill revises the designated rate for three periods of time
27 within a tax year (either based on a calendar or alternative
28 fiscal year). For the first period (January 1 through May 31),
29 the rate is 3 cents; for the second period (June 1 through
30 September 15), the rate is 10 cents; and for the third period
31 (September 16 through December 31), the rate returns to 3
32 cents. This revision takes effect upon enactment of the bill
33 and applies retroactively to January 1, 2014.

34 BIODIESEL PRODUCER REFUND. A biodiesel producer is
35 engaged in the manufacture of biodiesel which is a renewable

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1 fuel derived from vegetable oils or animal fats for use in
2 biodiesel blended fuel; an alternative to diesel fuel (Code
3 section 214A.1). The amount of the refund equals a constant
4 (designated) rate multiplied by the total number of gallons
5 of biodiesel produced by the biodiesel producer in this state
6 during each quarter of a calendar year. The biodiesel producer
7 receives the refund amount after subtracting any amount of
8 sales or use tax owed by the biodiesel producer (701 IAC
9 12.18). In addition, a biodiesel producer cannot claim a
10 refund on more than 25 million gallons of biodiesel produced
11 during a calendar year at any one manufacturing facility. A
12 designated rate of 3 cents applied to calendar year 2012. The
13 designated rate was reduced to 2.5 cents for calendar year 2013
14 and to 2 cents for calendar year 2014 after which it expires.
15 The bill extends the period in which the 2-cent rate applies
16 for five additional calendar years through 2019.



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Senate Resolution 111 - Introduced

SENATE RESOLUTION NO. 111

BY QUIRMBACH

1 A Resolution honoring the sesquicentennial anniversary
2 of the city of Ames.

3 WHEREAS, 2014 is the 150th anniversary of the
4 platting and recording of the first 12 blocks of the
5 city of Ames; and

6 WHEREAS, from its humble beginnings on December
7 17, 1864, the city of Ames has changed and grown and
8 prospered; and

9 WHEREAS, the city of Ames provides its residents
10 with quality of life amenities second to none; and

11 WHEREAS, the city of Ames has received numerous
12 national awards and recognitions including being ranked
13 the United States city with the 3rd lowest unemployment
14 rate by Forbes in 2014, 32nd in the "Top 100 Most
15 Livable Cities in America" by Livability.com in 2014,
16 15th nationally in the "Best Small Places for Business
17 and Careers" by Forbes in 2013, and one of the top 25
18 Best Places to Retire in 2013 by Forbes.com; and

19 WHEREAS, Ames High School is ranked 3rd within Iowa
20 by U.S. News & World Report; and

21 WHEREAS, the city of Ames is home to Iowa State
22 University, the largest university in the state, a
23 recognized national leader in science and technology,
24 and home to the Iowa State University Bioeconomy
25 Institute, a pioneer in developing new sources of
26 energy and other products from renewable sources; and

27 WHEREAS, C.Y. Stephens Auditorium, located on
28 the Iowa State University campus, has been named

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S.R. 111

1 Building of the Century by the American Institute of
2 Architects; and

3 WHEREAS, the city of Ames is also the home of
4 innovative companies focused on biotechnology,
5 cyber-innovation, agriculture, and health and wellness,
6 as well as the thriving Iowa State University Research
7 Park which supports the development of world-class
8 companies; and

9 WHEREAS, to acknowledge the sesquicentennial, the
10 Ames 150 celebration steering committee of dedicated
11 volunteers is planning celebratory events, public
12 education opportunities, and legacy projects for future
13 generations; and

14 WHEREAS, the year-long Ames 150 celebration began
15 with the first-ever public Chamber of Commerce annual
16 dinner in January and will continue with an expanded
17 Fourth of July festival and an autumn Dinkey Days
18 celebration; and

19 WHEREAS, the year will culminate with the Platting
20 Day festivities in December 2014; NOW THEREFORE,

21 BE IT RESOLVED BY THE SENATE, That the Senate
22 honors the city of Ames on the occasion of its
23 sesquicentennial anniversary and invites all Iowans
24 to participate in this year-long celebration of the
25 history of the city of Ames.

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Senate Study Bill 3203 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
REVENUE BILL)

A BILL FOR

1 An Act relating to the policy administration of the tax and
2 related laws by the department of revenue, including the
3 administrative appeals process for certain tax matters and
4 a related study and report, the individual and corporate
5 income tax and the franchise tax, and the sales and use
6 taxes, and including effective date and applicability
7 provisions.
8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. _____ H.F. _____

1 DIVISION I
2 STATE BOARD OF TAX REVIEW
3 Section 1. Section 421.1, subsection 5, paragraph a, Code
4 2014, is amended to read as follows:
5 a. Upon its own motion or upon appeal by any affected
6 taxpayer, the state board shall review the record evidence
7 and the decisions of, and any orders or directive issued by,
8 the director of revenue under Title X, subtitle 2, for the
9 identification of taxable property, classification of property
10 as real or personal, or for assessment and ~~collection~~ valuation
11 of ~~taxes~~ property by the department under Title X, subtitle
12 2, or an order to reassess or to raise assessments to any
13 local assessor under Title X, subtitle 2, and shall affirm,
14 modify, reverse, or remand them within sixty days from the
15 date the case is submitted to the board for decision. For an
16 appeal to the board to be valid, written notice must be given
17 to the department within thirty days of the rendering of the
18 decision, order, or directive from which the appeal is taken.
19 The director shall certify to the board the record, documents,
20 reports, audits, and all other information pertinent to the
21 decision, order, or directive from which the appeal is taken.
22 Sec. 2. EFFECTIVE UPON ENACTMENT. This division of this
23 Act, being deemed of immediate importance, takes effect upon
24 enactment.
25 Sec. 3. APPLICABILITY. This division of this Act applies
26 to appeals made to the state board of tax review on or after
27 the effective date of this division of this Act, and appeals
28 pending before the state board of tax review on the effective
29 date of this division of this Act shall be governed by section
30 421.1, Code 2014.

31 DIVISION II
32 ADMINISTRATIVE APPEALS
33 Sec. 4. Section 421.23, Code 2014, is amended to read as
34 follows:
35 **421.23 Fees and mileage.**



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1 The fees and mileage of witnesses attending any hearing of
2 the department, including contested case hearings but excluding
3 small case hearings, pursuant to any subpoena, shall be the
4 same as those of witnesses in civil cases in district court.

5 Sec. 5. Section 421.60, subsection 2, paragraph g, Code
6 2014, is amended to read as follows:

7 g. A taxpayer may request in writing that a contested case
8 proceeding or small case proceeding, whichever is applicable,
9 be commenced by the department after a period of six months
10 from the filing of a proper appeal by the taxpayer. The
11 department shall file an answer within thirty days of receipt
12 of the request and a contested case proceeding or small case
13 proceeding, whichever is applicable, shall be commenced. In
14 the case of an appeal of an assessment, failure to answer
15 within the thirty-day time period and after a request has been
16 made shall result in the suspension of interest from the time
17 that the department was required to answer until the date that
18 the department files its answer. In the case of an appeal of
19 a denial of a refund, failure to answer within the thirty-day
20 time period, and after a request has been made, shall result in
21 the accrual of interest payable to the taxpayer at double the
22 rate in effect under section 421.7 from the time the department
23 was required to answer until the date that the department files
24 its answer.

25 Sec. 6. Section 421.60, subsection 4, paragraph a,
26 unnumbered paragraph 1, Code 2014, is amended to read as
27 follows:

28 A prevailing taxpayer in an administrative hearing other
29 than a small case proceeding, or a court proceeding related to
30 the determination, collection, or refund of a tax, penalty,
31 or interest may be awarded reasonable litigation costs by the
32 department, state board of tax review, or a court, incurred
33 subsequent to the issuance of the notice of assessment or
34 denial of claim for refund in the proceeding, based upon the
35 following:

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1 Sec. 7. Section 421.60, subsection 6, unnumbered paragraph
2 1, Code 2014, is amended to read as follows:

3 The burden of proof with respect to assessments or denial
4 of refunds in contested case proceedings and small case
5 proceedings shall be allocated as follows:

6 Sec. 8. Section 421.60, Code 2014, is amended by adding the
7 following new subsection:

8 NEW SUBSECTION. 11. *Small case proceedings.*

9 *a.* The department shall establish small case proceedings
10 to be used in lieu of the contested case proceedings provided
11 pursuant to this Title X and chapter 17A.

12 *b.* The department shall adopt rules relating to small case
13 proceedings, including but not limited to rules establishing
14 the types of actions of the director or department that shall
15 be considered eligible for appeal to the director under the
16 small case proceedings, the amount of tax at issue that shall
17 be considered a small case, and rules relating to the transfer
18 to small case proceedings of eligible cases pending before the
19 director on the effective date of this division of this Act.

20 Actions of the director or department under Title X, subtitle
21 2, shall not be eligible for the small case proceedings.

22 *c.* Use of the small case proceedings shall be at the
23 election of the taxpayer. The director may for good cause
24 refuse use of the small case proceedings by a taxpayer that
25 otherwise meets the requirements for use of the small case
26 proceedings.

27 *d.* Notwithstanding the provisions of this Title X, chapter
28 17A, or any other provision of law to the contrary, all of the
29 following apply to small case proceedings:

30 (1) Small case proceedings shall be informal. To the
31 extent consistent with the requirements of due process, the
32 department may by rule dispense with or otherwise modify
33 provisions relating to formal contested case proceedings,
34 including but not limited to the recording and transcribing of
35 proceedings, the creation of a detailed case record, ex parte

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1 communications, and the rules of civil procedure.

2 (2) The presiding officer of a hearing under small case
3 proceedings shall be an administrative law judge assigned by
4 the division of inspections and appeals in accordance with the
5 provisions of section 10A.801.

6 (3) The decision of an administrative law judge shall
7 be considered the final action of the department under
8 chapter 17A, and shall not be reviewed by the director.
9 Notwithstanding the provisions of section 17A.19 or any
10 other provision of law to the contrary, the decision of an
11 administrative law judge in a small case proceeding is not
12 subject to judicial review.

13 (4) The decision of an administrative law judge in a small
14 case proceeding shall not be indexed and made available to
15 the public by the department, and shall not be considered as
16 precedent in any other case, hearing, or proceeding.

17 (5) The administrative law judge shall notify the taxpayer
18 and the director by mail of the decision.

19 e. The provisions of section 422.70 shall also be applicable
20 to an administrative law judge acting under the authority of
21 this subsection.

22 Sec. 9. Section 424.1, subsection 4, Code 2014, is amended
23 to read as follows:

24 4. The board shall retain rulemaking authority, but may
25 contract with the department for assistance in drafting
26 rules. The board shall retain contested case jurisdiction
27 over any challenge to the diminution rate or cost factor. The
28 department shall conduct all other contested cases or small
29 case proceedings, whichever is applicable, and be responsible
30 for other agency action in connection with the environmental
31 protection charge imposed under this chapter.

32 Sec. 10. APPLICABILITY. This division of this Act applies
33 to appeals pending before the director of revenue on January
34 1, 2015, and to appeals made to the director of revenue on or
35 after January 1, 2015.



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1 DIVISION III

2 STUDY REPORT

3 Sec. 11. ADMINISTRATIVE APPEALS PROCESS FOR TAX MATTERS —
4 REPORT. The department of revenue, in consultation with the
5 department of management and other interested stakeholders,
6 shall continue to study the independence, effectiveness,
7 and fairness of the state's current administrative appeals
8 processes for tax matters and shall make recommendations
9 for changes, if necessary, and shall additionally study the
10 desirability, practicality, and feasibility of replacing
11 components of these processes with new administrative appeals
12 processes for tax matters within the executive branch to
13 resolve disputes between the department of revenue and
14 taxpayers. The department of revenue shall prepare and
15 file a report, if necessary, detailing its findings and
16 recommendations with the chairpersons and ranking members of
17 the ways and means committees of the senate and the house of
18 representatives and with the legislative services agency by
19 January 8, 2015.

20 DIVISION IV

21 INCOME TAXES

22 Sec. 12. Section 422.16, subsection 11, paragraph a, Code
23 2014, is amended to read as follows:

24 a. A person or married couple filing a return shall make
25 estimated tax payments if the person's or couple's Iowa
26 income tax attributable to income other than wages subject
27 to withholding can reasonably be expected to amount to ~~two~~
28 five hundred dollars or more for the taxable year, except
29 that, in the cases of farmers and fishermen, the exceptions
30 provided in the Internal Revenue Code with respect to making
31 estimated payments apply. The estimated tax shall be paid in
32 quarterly installments. The first installment shall be paid
33 on or before the last day of the fourth month of the taxpayer's
34 tax year for which the estimated payments apply. The other
35 installments shall be paid on or before the last day of the

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1 sixth month of the tax year, the last day of the ninth month
2 of the tax year, and the last day of the first month after the
3 tax year. However, at the election of the person or married
4 couple, an installment of the estimated tax may be paid prior
5 to the date prescribed for its payment. If a person or married
6 couple filing a return has reason to believe that the person's
7 or couple's Iowa income tax may increase or decrease, either
8 for purposes of meeting the requirement to make estimated
9 tax payments or for the purpose of increasing or decreasing
10 estimated tax payments, the person or married couple shall
11 increase or decrease any subsequent estimated tax payments
12 accordingly.

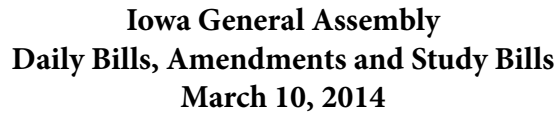
13 Sec. 13. Section 422.85, Code 2014, is amended to read as
14 follows:

15 **422.85 Imposition of estimated tax.**

16 A taxpayer subject to the tax imposed by sections 422.33 and
17 422.60 shall make payments of estimated tax for the taxable
18 year if the amount of tax payable, less credits, can reasonably
19 be expected to be more than ~~one~~ two thousand dollars for the
20 taxable year. For purposes of this division, "*estimated tax*"
21 means the amount ~~which~~ that the taxpayer estimates to be the
22 tax due and payable under division III or V of this chapter for
23 the taxable year.

24 Sec. 14. Section 422.86, subsections 1, 2, 3, and 4, Code
25 2014, are amended to read as follows:

26 1. If it is first determined that the estimated tax will
27 be greater than ~~one~~ two thousand dollars on or before the last
28 day of the fourth month of the taxable year, the estimated
29 tax shall be paid in four equal installments. The first
30 installment shall be paid not later than the last day of
31 the fourth month of the taxable year. The second and third
32 installments shall be paid not later than the last day of the
33 sixth and ninth months of the taxable year, and the final
34 installment shall be paid on or before the last day of the
35 taxable year.



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1 The inclusion of this explanation does not constitute agreement with
2 the explanation's substance by the members of the general assembly.

3 This bill relates to the policy administration of the tax
4 and related laws by the department of revenue, including the
5 administrative appeals process for tax and other matters, the
6 individual and corporate income tax and the franchise tax, and
7 the sales and use taxes.

8 DIVISION I — STATE BOARD OF TAX REVIEW. Division I relates
9 to the state board of tax review. The state board of tax review
10 (board) is an independent, bipartisan board consisting of
11 three members appointed by the governor and confirmed by the
12 senate. One of the powers and duties of the board is to review
13 final decisions of the director, including but not limited to
14 final decisions issued by the director in a contested case.
15 The board also has the original jurisdiction to review the
16 director's assessments and valuations of centrally assessed
17 property for purposes of property taxation, which means the
18 taxpayer appeals the assessment or valuation of the director
19 directly to the board. Both the taxpayer and the director have
20 the right to appeal a decision of the board to district court.

21 The division amends the types of decisions of the director
22 that may be reviewed by the board to specify that only
23 decisions made under Code Title X, subtitle 2 (property taxes),
24 may be appealed to the board. As a result, decisions of the
25 director with regard to income taxes, franchise taxes, sales
26 and use taxes, and various excise and other taxes will no
27 longer be appealable to the board and must instead be appealed
28 directly to district court.

29 The division takes effect upon enactment and applies to
30 appeals made to the board on or after the effective date of the
31 division, and appeals pending before the board on the effective
32 date of the division shall be governed by current Code section
33 421.1.

34 DIVISION II — ADMINISTRATIVE APPEALS. Division II relates
35 to the administrative appeals process of the department of

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1 revenue by authorizing small case proceedings.

2 Under current law, when a taxpayer appeals a decision of the
3 director and no settlement can be reached between the parties,
4 the director grants a contested case hearing pursuant to the
5 provisions of Code chapter 17A (Iowa administrative procedures
6 Act). Following a contested case decision, the director issues
7 a final decision. The director can and often does transfer
8 contested cases to an administrative law judge who presides
9 over the hearing and issues a proposed decision. When this
10 occurs, the director may adopt the proposed decision as the
11 final decision of the department, or may reverse or modify
12 the proposed decision according to the standards provided in
13 the Iowa administrative procedures Act. Following the final
14 decision of the director, a taxpayer may appeal the decision
15 to the state board of tax review or may seek judicial review of
16 the decision.

17 The division requires the department of revenue to adopt
18 small case proceedings that may be used at the election of the
19 taxpayer, and shall be in lieu of a contested case hearing.
20 The department is required to adopt rules relating to small
21 case proceedings, including but not limited to the types
22 of actions of the director and amounts of tax that will be
23 considered eligible for small case proceedings. The department
24 is also required to adopt rules relating to the transfer to
25 the small case proceedings of eligible cases pending before
26 the director on the effective date of the division. Actions
27 of the director or department relating to property taxes are
28 not eligible for the small case proceedings. The department
29 may refuse use of the small case proceedings to a taxpayer
30 for good cause. The division requires small case proceedings
31 to be informal and allows the department to dispense with
32 or otherwise modify provisions relating to formal contested
33 case proceedings such as the recording and transcribing
34 of proceedings, the creation of a detailed case record, ex
35 parte communications, and the rules of civil procedure. The



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1 presiding officer of a hearing under small case proceedings
2 shall be an administrative law judge assigned by the department
3 of inspections and appeals. The decision of the administrative
4 law judge in a small case proceeding shall be considered the
5 final action of the department of revenue and shall not be
6 reviewed by the director or appealed to district court by the
7 taxpayer or the director. Furthermore, the decision of the
8 administrative law judge in a small case proceeding shall not
9 be indexed and made available to the public, and shall not
10 be considered as precedent in any other case, hearing, or
11 proceeding.

12 The division applies all the provisions of Code section
13 422.70, relating to the general hearing powers of the director,
14 to an administrative law judge acting under the authority of
15 the small case proceedings.

16 The division specifies that the provision of fees and
17 mileage of witnesses, and the awarding of litigation costs in
18 certain situations, shall not apply to small case proceedings.

19 APPLICABILITY. The division applies to appeals pending
20 before the director on January 1, 2015, and to appeals made to
21 the director on or after January 1, 2015.

22 DIVISION III — STUDY REPORT. Division III establishes
23 a report to be prepared and filed, if necessary, by the
24 department of revenue. The department of revenue, in
25 consultation with the department of management and other
26 interested stakeholders, shall continue to study the current
27 administrative appeals processes for tax matters and make
28 recommendations for changes if necessary, and also study the
29 possibility of creating new administrative appeals processes.
30 The report, if necessary, detailing any recommended changes
31 or findings shall be filed with the chairperson and ranking
32 members of the ways and means committees of the senate and the
33 house of representatives and with the legislative services
34 agency by January 8, 2015. A similar study and report was
35 conducted last year and filed on January 8, 2014, by the

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1 department of revenue.

2 DIVISION IV — INDIVIDUAL AND CORPORATE INCOME TAX AND
3 FRANCHISE TAX. Division IV increases the threshold at which
4 estimated payments are required to be made under the individual
5 and corporate income tax and the franchise tax. Under current
6 law, an individual must make estimated tax payments if the
7 individual's income, other than wages subject to withholding,
8 will be \$200 or more during the tax year. The division
9 increases this amount to \$500. Also under current law, a
10 corporation subject to the corporate income tax and a financial
11 institution subject to the franchise tax must make estimated
12 tax payments if the corporation's or financial institution's
13 tax during the tax year will exceed \$1,000. The division
14 increases this amount to \$2,000. The division takes effect
15 January 1, 2015, and applies to tax years beginning on or after
16 that date.

17 DIVISION V — SALES AND USE TAXES. Division V exempts
18 the sales price of all-terrain vehicles and off-road utility
19 vehicles used primarily in agricultural production from the
20 sales and use tax. Under current law, such vehicles are not
21 exempt from sales and use tax unless they are directly and
22 primarily used in production of agricultural products.

23 "All-terrain vehicle" means a motorized vehicle with not
24 less than three and not more than six nonhighway tires that
25 is limited in engine displacement to less than 1,000 cubic
26 centimeters and in total dry weight to less than 1,200 pounds
27 and that has a seat or saddle designed to be straddled by the
28 operator and handlebars for steering control.

29 "Off-road utility vehicle" means a motorized vehicle with
30 not less than four and not more than eight nonhighway tires or
31 rubberized tracks that is limited in engine displacement to
32 less than 1,500 cubic centimeters and in total dry weight to
33 not more than 2,000 pounds and that has a seat that is of bucket
34 or bench design, not intended to be straddled by the operator,
35 and a steering wheel or control levers for control.

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1 By operation of Code section 423.6, an item exempt from the
2 imposition of the sales tax is also exempt from the use tax
3 imposed in Code section 423.5.



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Senate Study Bill 3204 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
REVENUE BILL)

A BILL FOR

1 An Act relating to the administration of the tax and related
2 laws of the department of revenue, including powers and
3 duties of the director and administration of the individual
4 income tax, inheritance tax, motor fuel and special fuel
5 taxes, and including retroactive applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 DIVISION I
2 POWER AND DUTIES OF THE DIRECTOR
3 Section 1. Section 421.17, Code 2014, is amended by adding
4 the following new subsection:
5 NEW SUBSECTION. 33. At the director's discretion, to
6 receive and retain in an electronic format any record,
7 application, tax return, deposit, report, or any other
8 information or document required to be submitted to the
9 department.
10 DIVISION II
11 INDIVIDUAL INCOME TAX
12 Sec. 2. Section 422.5, subsection 3, paragraph a, Code 2014,
13 is amended to read as follows:
14 a. The tax shall not be imposed on a resident or nonresident
15 whose net income, as defined in section 422.7, is thirteen
16 thousand five hundred dollars or less in the case of married
17 persons filing jointly or filing separately on a combined
18 return, heads of household, and surviving spouses or nine
19 thousand dollars or less in the case of all other persons;
20 but in the event that the payment of tax under this division
21 would reduce the net income to less than thirteen thousand five
22 hundred dollars or nine thousand dollars as applicable, then
23 the tax shall be reduced to that amount which would result
24 in allowing the taxpayer to retain a net income of thirteen
25 thousand five hundred dollars or nine thousand dollars as
26 applicable. The preceding sentence does not apply to estates
27 or trusts. For the purpose of this subsection, the entire net
28 income, including any part of the net income not allocated
29 to Iowa, shall be taken into account. For purposes of this
30 subsection, net income includes all amounts of pensions or
31 other retirement income, except social security benefits
32 excluded under section 422.7, subsection 13, paragraph "d",
33 received from any source which is not taxable under this
34 division as a result of the government pension exclusions in
35 section 422.7, or any other state law. If the combined net



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1 income of a husband and wife exceeds thirteen thousand five
2 hundred dollars, neither of them shall receive the benefit
3 of this subsection, and it is immaterial whether they file a
4 joint return or separate returns. However, if a husband and
5 wife file separate returns and have a combined net income of
6 thirteen thousand five hundred dollars or less, neither spouse
7 shall receive the benefit of this paragraph, if one spouse has
8 a net operating loss and elects to carry back or carry forward
9 the loss as provided in section 422.9, subsection 3. A person
10 who is claimed as a dependent by another person as defined in
11 section 422.12 shall not receive the benefit of this subsection
12 if the person claiming the dependent has net income exceeding
13 thirteen thousand five hundred dollars or nine thousand dollars
14 as applicable or the person claiming the dependent and the
15 person's spouse have combined net income exceeding thirteen
16 thousand five hundred dollars or nine thousand dollars as
17 applicable.

18 Sec. 3. Section 422.5, subsection 3B, paragraph a, Code
19 2014, is amended to read as follows:

20 a. The tax shall not be imposed on a resident or nonresident
21 who is at least sixty-five years old on December 31 of
22 the tax year and whose net income, as defined in section
23 422.7, is thirty-two thousand dollars or less in the case
24 of married persons filing jointly or filing separately on a
25 combined return, heads of household, and surviving spouses or
26 twenty-four thousand dollars or less in the case of all other
27 persons; but in the event that the payment of tax under this
28 division would reduce the net income to less than thirty-two
29 thousand dollars or twenty-four thousand dollars as applicable,
30 then the tax shall be reduced to that amount which would result
31 in allowing the taxpayer to retain a net income of thirty-two
32 thousand dollars or twenty-four thousand dollars as applicable.
33 The preceding sentence does not apply to estates or trusts.
34 For the purpose of this subsection, the entire net income,
35 including any part of the net income not allocated to Iowa,

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1 shall be taken into account. For purposes of this subsection,
2 net income includes all amounts of pensions or other retirement
3 income, except social security benefits excluded under section
4 422.7, subsection 13, paragraph "d", received from any source
5 which is not taxable under this division as a result of the
6 government pension exclusions in section 422.7, or any other
7 state law. If the combined net income of a husband and wife
8 exceeds thirty-two thousand dollars, neither of them shall
9 receive the benefit of this subsection, and it is immaterial
10 whether they file a joint return or separate returns. However,
11 if a husband and wife file separate returns and have a combined
12 net income of thirty-two thousand dollars or less, neither
13 spouse shall receive the benefit of this paragraph, if one
14 spouse has a net operating loss and elects to carry back or
15 carry forward the loss as provided in section 422.9, subsection
16 3. A person who is claimed as a dependent by another person as
17 defined in section 422.12 shall not receive the benefit of this
18 subsection if the person claiming the dependent has net income
19 exceeding thirty-two thousand dollars or twenty-four thousand
20 dollars as applicable or the person claiming the dependent
21 and the person's spouse have combined net income exceeding
22 thirty-two thousand dollars or twenty-four thousand dollars as
23 applicable.

24 Sec. 4. RETROACTIVE APPLICABILITY. This division of this
25 Act applies retroactively to January 1, 2014, for tax years
26 beginning on or after that date.

27 DIVISION III
28 INHERITANCE TAX

29 Sec. 5. Section 450.94, subsection 2, Code 2014, is amended
30 to read as follows:

31 2. Unless a return is not required to be filed pursuant to
32 section 450.22, subsection 3, or section 450.53, subsection
33 1, paragraph "b", the taxpayer shall file an inheritance tax
34 return on forms to be prescribed by the director of revenue on
35 or before the last day of the ninth month after the death of



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1 the decedent. When an inheritance tax return is filed, the
2 department shall examine it and determine the correct amount of
3 tax. If the amount paid is less than the correct amount due,
4 the department shall notify the taxpayer of the total amount
5 due together with any penalty and interest which shall be
6 computed as a sum certain if paid on or before, with interest
7 computed to the last day of the month in which the notice is
8 ~~dated, or on or before the last day of the following month if~~
9 ~~the notice is dated after the twentieth day of a month and~~
10 ~~before the first day of the following month.~~

11 DIVISION IV

12 MOTOR FUEL AND SPECIAL FUEL TAXES

13 Sec. 6. Section 452A.64, Code 2014, is amended to read as
14 follows:

15 **452A.64 Failure to file return — incorrect return.**

16 If a return required by this chapter is not filed, or if a
17 return when filed is incorrect or insufficient ~~and the filer~~
18 ~~fails to file a corrected or sufficient return within twenty~~
19 ~~days after the same is required by notice from the appropriate~~
20 ~~state agency,~~ the appropriate state agency shall determine the
21 amount of tax due. The determination shall be made from all
22 information that the appropriate state agency may be able to
23 obtain and, if necessary, the agency may estimate the tax on
24 the basis of external indices. The appropriate state agency
25 shall give notice of the determination to the person liable
26 for the tax. The determination shall fix the tax unless the
27 person against whom it is assessed shall, within sixty days
28 after the giving of notice of the determination, apply to
29 the director of the appropriate state agency for a hearing
30 or unless the taxpayer contests the determination by paying
31 the tax, interest, and penalty and timely filing a claim for
32 refund. At the hearing, evidence may be offered to support
33 the determination or to prove that it is incorrect. After the
34 hearing, the director shall give notice of the decision to the
35 person liable for the tax. The findings of the appropriate

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1 state agency as to the amount of fuel taxes, penalties, and
2 interest due from any person shall be presumed to be the
3 correct amount and in any litigation which may follow, the
4 certificate of the agency shall be admitted in evidence, shall
5 constitute a prima facie case and shall impose upon the other
6 party the burden of showing any error in the findings and the
7 extent thereof or that the finding was contrary to law.

8 EXPLANATION

9 The inclusion of this explanation does not constitute agreement with
10 the explanation's substance by the members of the general assembly.

11 This bill relates to the administration of the tax and
12 related laws by the department of revenue.

13 DIVISION I — POWERS AND DUTIES OF THE DIRECTOR. Division
14 I amends the powers and duties of the director of revenue to
15 allow the director, at the director's discretion, to receive
16 and retain in an electronic format any record, application, tax
17 return, deposit, report, or any other information or document
18 required to be submitted to the department.

19 DIVISION II — INDIVIDUAL INCOME TAX. Division II relates
20 to the individual income tax. The division amends the
21 calculation of net income for purposes of determining whether
22 or not a taxpayer's net income exceeds the amount at which
23 the individual income tax will not be imposed pursuant to
24 Code section 422.5(3) or Code section 422.5(3B) and for which
25 an individual income tax return is not required to be filed,
26 and for purposes of calculating the alternate tax in those
27 same Code sections. Under current law, all pension or other
28 retirement income from any source is required to be included in
29 the calculations, regardless of whether the income is otherwise
30 excluded from the individual income tax under Iowa law. The
31 division excludes from the calculations all social security
32 benefits excluded from the individual income tax under Iowa
33 law.

34 The division applies retroactively to January 1, 2014, for
35 tax years beginning on or after that date.



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1 DIVISION III — INHERITANCE TAX. Division III relates to the
2 inheritance tax. The division eliminates the requirement that
3 notices of assessment issued after the twentieth day of a month
4 include interest calculated for the next month.

5 DIVISION IV — MOTOR FUEL AND SPECIAL FUEL TAXES. Division
6 IV relates to motor fuel and special fuel taxes. Current
7 law requires that the department of revenue or the state
8 department of transportation, as applicable, send a notice to
9 filers of fuel tax returns if the return is either incorrect
10 or insufficient, giving the taxpayer 20 days to file a
11 corrected return. If a correct or sufficient return is not
12 filed, the department of revenue or the state department of
13 transportation, as applicable, is authorized to determine the
14 amount of tax due and send a notice of assessment to the person
15 liable for the tax. The division strikes the 20-day notice
16 requirement.



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Senate Study Bill 3205 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

A BILL FOR

1 An Act providing for the creation of first-time homebuyer
2 savings accounts in Iowa, including related individual
3 income tax exemptions, making penalties applicable, and
4 including effective date and applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 12I.1 Short title.
2 This chapter may be cited as the "*Iowa First-time Homebuyer*
3 *Savings Account Act*".
4 Sec. 2. NEW SECTION. 12I.2 Definitions.
5 As used in this chapter, unless the context otherwise
6 requires:
7 1. "*Account administrator*" means one of the following:
8 a. A state or federally chartered bank, savings and loan
9 association, credit union, or trust company in this state.
10 b. A certified public accountant or licensed public
11 accountant, as those terms are defined in section 542.3.
12 c. An account holder.
13 2. "*Account holder*" means a first-time homebuyer who is a
14 resident of this state and who establishes, either individually
15 or jointly with the resident's spouse who is also a first-time
16 homebuyer, a first-time homebuyer savings account. A person
17 ceases to be an account holder following the purchase of a
18 principal residence after the establishment of a first-time
19 homebuyer savings account.
20 3. "*Business day*" means a day other than a Saturday, Sunday,
21 or federal holiday.
22 4. "*Eligible costs*" means the down payment and allowable
23 closing costs for the purchase of a principal residence in Iowa
24 which principal residence is purchased after the establishment
25 of the first-time homebuyer savings account.
26 5. "*First-time homebuyer*" means an individual who has never
27 owned or purchased under contract for deed, either individually
28 or jointly, a single-family, owner-occupied residence,
29 including but not limited to a manufactured or mobile home that
30 is assessed and taxed as real estate or taxed under chapter
31 435 or taxed under other similar law of another state, or a
32 condominium unit.
33 6. "*First-time homebuyer savings account*" means an account
34 established with a state or federally chartered bank, savings
35 and loan association, credit union, or trust company in this



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1 state to finance the purchase of a principal residence in this
2 state.

3 7. "*Principal residence*" means a single-family,
4 owner-occupied residence in the state that will be the
5 principal place of residence of the account holder, whether
6 owned or purchased under contract for deed by the account
7 holder, individually or jointly. "*Principal residence*" includes
8 but is not limited to a manufactured home or mobile home that
9 is assessed and taxed as real estate or taxed under chapter
10 435, and a condominium unit.

11 8. "*Resident*" means the same as defined in section 422.4.

12 Sec. 3. NEW SECTION. 12I.3 First-time homebuyer savings
13 account.

14 1. *Establishment.*

15 a. A first-time homebuyer who is a resident of this
16 state may establish, either individually or jointly with
17 the resident's spouse who is also a first-time homebuyer, a
18 first-time homebuyer savings account to finance the purchase
19 of a principal residence. Married taxpayers electing to file
20 separate tax returns or separately on a combined tax return
21 shall not establish or maintain a joint first-time homebuyer
22 savings account.

23 b. The account holder who establishes the first-time
24 homebuyer savings account, individually or jointly, is the
25 owner of the account.

26 c. A first-time homebuyer savings account shall be an
27 interest-bearing savings account.

28 d. A financial institution shall not be responsible for
29 the use or application of funds within a first-time homebuyer
30 savings account solely because the account is held at that
31 financial institution.

32 2. *Use by account holder.*

33 a. The account holder shall use the money in the first-time
34 homebuyer savings account for eligible costs related to the
35 purchase of a principal residence within ten years following



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1 the year in which the account is first established.

2 *b.* An account holder shall not contribute to a first-time
3 homebuyer savings account for a period exceeding ten years.

4 *c.* There is no limitation on the amount of contributions
5 that may be made to or retained in a first-time homebuyer
6 savings account.

7 3. *Administration.*

8 *a.* An account administrator shall administer the first-time
9 homebuyer savings account and has a fiduciary duty to the
10 person for whose benefit the account is administered.

11 *b.* Within thirty days after an account administrator begins
12 administering a first-time homebuyer savings account, the
13 account administrator shall notify, in writing, each account
14 holder on whose behalf the account administrator administers
15 the account of the date of the last business day of the
16 calendar year.

17 *c.* (1) An account administrator shall use funds held in a
18 first-time homebuyer savings account only for the purpose of
19 making withdrawals at the request of the account holder and for
20 paying the expenses of administering the account.

21 (2) If the account holder is subject to the withdrawal
22 penalty in section 422.7, subsection 57, paragraph "c",
23 subparagraph (1), the account administrator shall withhold the
24 amount of the penalty from the amounts withdrawn and shall
25 remit the amount to the department of revenue in the same
26 manner as provided in section 422.16, subsection 2.

27 (3) Notwithstanding section 422.16, subsection 4,
28 an account administrator shall not be held personally,
29 individually, or corporately liable for the failure to
30 withhold and remit a withdrawal penalty from a withdrawal made
31 at the request of the account holder for which the account
32 administrator relied in good faith on documentation submitted
33 by the account holder of eligible costs paid or owed by the
34 account holder in the calendar year. The burden of proving
35 that a withdrawal from a first-time homebuyer savings account



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1 was made for eligible costs is upon the account holder and not
2 upon the account administrator.

3 *d.* Within thirty days of being furnished proof of death of
4 the account holder, the account administrator shall distribute
5 any amount remaining in the first-time homebuyer savings
6 account to the estate of the account holder or to a transfer
7 on death or pay on death beneficiary of the account properly
8 designated by the account holder with the financial institution
9 at which the first-time homebuyer savings account is held.

10 *e.* In the case of an account administrator who is also the
11 account holder, all of the following apply:

12 (1) Notice by the account administrator to the account
13 holder under paragraph "b" is not required.

14 (2) The account administrator shall not use funds held
15 in a first-time homebuyer savings account to pay expenses of
16 administering the account, except that a service fee may be
17 charged to the account by the financial institution where the
18 account is held.

19 (3) Documentation regarding the segregation of funds in
20 a first-time homebuyer savings account from other funds and
21 documentation regarding eligible costs for the purchase of
22 a principal residence shall be maintained by the account
23 administrator.

24 (4) The account administrator shall file reports with the
25 department of revenue as reasonably required by the department
26 of revenue.

27 (5) Paragraph "c", subparagraph (3), shall not apply. The
28 account administrator is required to remit the withdrawal
29 penalty in section 422.7, subsection 57, paragraph "c",
30 subparagraph (1), if assessed, to the department of revenue in
31 the same manner as provided in section 422.16, subsection 2.

32 4. *Penalties.* A person who knowingly prepares or causes to
33 be prepared a false claim, statement, or billing to justify the
34 withdrawal of money from a first-time homebuyer savings account
35 is guilty of a serious misdemeanor for each violation.

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1 Sec. 4. NEW SECTION. 12I.4 Tax considerations.

2 The state income tax treatment of a first-time homebuyer
3 savings account shall be as provided in section 422.7,
4 subsection 57.

5 Sec. 5. NEW SECTION. 12I.5 Rules.

6 The department of revenue and the treasurer of state shall
7 each adopt rules to jointly implement and administer this
8 chapter.

9 Sec. 6. Section 422.7, Code 2014, is amended by adding the
10 following new subsection:

11 NEW SUBSECTION. 57. a. Subtract the amount of
12 contributions made by an account holder to the account holder's
13 first-time homebuyer savings account during the tax year, not
14 to exceed three thousand dollars per individual per tax year,
15 or six thousand dollars per tax year for a married couple who
16 have a joint first-time homebuyer savings account and file a
17 joint return. An amount of contributions made during a tax
18 year in excess of three thousand dollars, or six thousand
19 dollars, as applicable, may be subtracted by an account holder
20 in a subsequent tax year, provided the total exemption under
21 this paragraph for the subsequent tax year does not exceed
22 three thousand dollars, or six thousand dollars, as applicable.
23 This paragraph shall not apply to an account holder more
24 than ten years after the account holder first establishes a
25 first-time homebuyer savings account.

26 b. Subtract, to the extent included, income from interest
27 and earnings received from an account holder's first-time
28 homebuyer savings account. This paragraph shall not apply to
29 any interest and earnings received by an account holder more
30 than ten years after the account holder first establishes a
31 first-time homebuyer savings account.

32 c. (1) Add, to the extent previously subtracted under
33 paragraph "a", the amount resulting from a withdrawal made from
34 a first-time homebuyer savings account for purposes other than
35 the payment of eligible costs of the account holder. If the



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1 withdrawal is made on a day other than the last business day
2 of the calendar year, such withdrawal shall also be assessed a
3 penalty in an amount equal to ten percent of the amount of the
4 withdrawal. The penalty shall not apply to withdrawals made on
5 account of the death of the account holder.

6 (2) For purposes of this paragraph "c", any amount remaining
7 in a first-time homebuyer savings account of an account holder
8 on the day after the purchase of a principal residence or the
9 last business day of the tenth calendar year following the
10 calendar year in which the account holder first establishes a
11 first-time homebuyer savings account, whichever occurs first,
12 shall be considered a withdrawal under subparagraph (1).

13 (3) For purposes of this paragraph "c", the following shall
14 not be considered a withdrawal under subparagraph (1):

15 (a) Any amount transferred between different first-time
16 homebuyer savings accounts of the same account holder by a
17 person other than the account holder.

18 (b) Any amounts withdrawn or otherwise transferred from a
19 first-time homebuyer savings account pursuant to an order in
20 bankruptcy.

21 d. For purposes of this subsection, "account holder",
22 "business day", "eligible costs", and "first-time homebuyer
23 savings account" all mean the same as defined in section 12I.2.

24 Sec. 7. EFFECTIVE DATE. This Act takes effect January 1,
25 2015.

26 Sec. 8. APPLICABILITY. This Act applies to tax years
27 beginning on or after January 1, 2015.

28 EXPLANATION

29 The inclusion of this explanation does not constitute agreement with
30 the explanation's substance by the members of the general assembly.

31 This bill allows first-time homebuyers who are residents
32 of Iowa to establish a first-time homebuyer savings account
33 (account) with a state or federally chartered bank, savings and
34 loan association, credit union, or trust company in this state
35 to finance the purchase of a principal residence in this state.

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1 "First-time homebuyer" and "principal residence" are defined in
2 the bill. The account is required to be an interest-bearing
3 savings account. The account may be established individually
4 or jointly with the resident's spouse. However, married
5 taxpayers electing to file separate tax returns or separately
6 on a combined tax return shall not establish or maintain a
7 joint account.

8 There is no limitation on the amount of contributions that
9 may be made to or retained in a first-time homebuyer savings
10 account. An account holder is required to use the funds in
11 an account for eligible costs related to the purchase of a
12 principal residence within 10 years following the year in which
13 the account is first established.

14 "Eligible costs" are defined in the bill and include the down
15 payment and allowable closing costs of a principal residence
16 that was purchased after the establishment of the account. If
17 the account holder withdraws funds for any purpose other than
18 the payment of eligible costs, the account holder is subject
19 to a penalty equal to 10 percent of the withdrawal, unless the
20 withdrawal occurs on the last business day of the calendar
21 year or was because of the death of the account holder. The
22 penalty amounts are required to be withheld by the account
23 administrator and remitted to the department of revenue in
24 the same manner as Code section 422.16(2), relating to the
25 withholding of income tax. A person ceases to be an account
26 holder following the purchase of a principal residence after
27 the establishment of an account.

28 Accounts are required to be administered by an account
29 administrator who will have a fiduciary duty to the account
30 holder. An account administrator may be a state or federally
31 chartered bank, savings and loan association, credit union, or
32 trust company in this state; a certified public accountant or
33 licensed public accountant; or the account holder. The account
34 administrator is required within 30 days of beginning account
35 administration to notify the account holder, in writing, of

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1 the last business day of the calendar year. The account
2 administrator shall use account funds only for the purpose of
3 making withdrawals at the request of the account holder and
4 for the payment of the expenses of administering the account.
5 An account administrator shall not be held personally,
6 individually, or corporately liable for the failure to withhold
7 and remit a withdrawal penalty if the account administrator
8 relied in good faith on documentation submitted by the account
9 holder of eligible costs paid or owed by the account holder.
10 The burden of proving that a withdrawal from an account was
11 made for eligible costs is upon the account holder. Within 30
12 days of being furnished proof of death of the account holder,
13 the account administrator shall distribute funds in an account
14 to the estate of the account holder or to a transfer on death
15 or pay on death beneficiary properly designated by the account
16 holder with the financial institution where the account is
17 held.

18 Special rules apply to an account administrator that is
19 also the account holder. First, notice of the last business
20 day of the calendar year is not required to be given. Second,
21 administration expenses shall not be paid, except that a
22 service fee may be charged to the account by the financial
23 institution where the account is held. Third, documentation
24 regarding the segregation of funds in the account from other
25 funds and documentation regarding eligible costs shall
26 be maintained by the account administrator. Fourth, the
27 account holder is required to file reports as required by the
28 department of revenue and to remit any assessed penalties in
29 the same manner a third-party account holder would be required.
30 An account administrator that is also the account holder may
31 not rely on the good-faith exception to personal liability for
32 failure to withhold and remit the penalty.

33 The bill provides for two individual income tax incentives
34 relating to first-time homebuyer savings accounts. First,
35 an account holder is allowed to subtract from the individual



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1 income tax the amount of contributions made during the year
2 to the account holder's account, not to exceed \$3,000 per
3 individual, or \$6,000 for a married couple with a joint account
4 and filing a joint income tax return. If the account holder
5 contributes more than that amount, the excess may be subtracted
6 in a subsequent tax year provided the total exemption in any
7 one tax year does not exceed \$3,000 or \$6,000, as applicable.
8 Second, the bill exempts any interest or earnings received from
9 an account holder's account. Both the contribution exemption
10 and interest exemption only apply for the first 10 years after
11 the account holder establishes an account.

12 The bill requires an account holder to add to net income the
13 amount of withdrawal from an account that was made for purposes
14 other than eligible costs of the account holder to the extent
15 it was previously subtracted as a contribution. Any amount
16 remaining in an account on the day after an account holder
17 purchases a principal residence or on the last business day of
18 the 10th calendar year following the calendar year the account
19 holder first establishes an account, whichever occurs first,
20 shall be considered a withdrawal that must be added to net
21 income to the extent it was previously subtracted. However,
22 amounts transferred between different accounts of the same
23 account holder by a person other than the account holder or
24 amounts withdrawn pursuant to an order in bankruptcy shall not
25 be considered withdrawals that must be added to net income.

26 The bill makes it a serious misdemeanor to knowingly prepare
27 or cause to be prepared a false claim, statement, or billing
28 to justify the withdrawal of money from a first-time homebuyer
29 savings account. A serious misdemeanor is punishable by
30 confinement for no more than one year and a fine of at least
31 \$315 but not more than \$1,875.

32 The bill requires the department of revenue and the
33 treasurer of state to each adopt rules to jointly implement and
34 administer the bill.

35 The bill takes effect January 1, 2015, and applies to tax



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1 years beginning on or after that date.



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Senate Study Bill 3206 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

A BILL FOR

1 An Act relating to the exclusion from the computation of net
2 income for the individual income tax of net capital gains
3 from the sale of a business and including retroactive
4 applicability provisions.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 422.7, subsection 21, paragraph a, Code
2 2014, is amended to read as follows:
3 a. (1) (a) Net capital gain from the sale of a business or
4 from the sale of real property used in a business, in which the
5 taxpayer materially participated for a minimum of ten years,
6 ~~as defined in section 469(h) of the Internal Revenue Code,~~ and
7 which has been held for a minimum of ten years, ~~or from the~~
8 ~~sale of a business, as defined in section 423.1, in which the~~
9 ~~taxpayer materially participated for ten years, as defined in~~
10 ~~section 469(h) of the Internal Revenue Code, and which has been~~
11 ~~held for a minimum of ten years. The sale of a business means~~
12 ~~the sale of all or substantially all of the tangible personal~~
13 ~~property or service of the business.~~
14 (b) ~~However, where the business is sold~~ If the sale of the
15 business in subparagraph division (a) is made to individuals
16 who are all lineal descendants of the taxpayer, the taxpayer
17 does not have to have materially participated in the business
18 in order for the net capital gain from the sale to be excluded
19 from taxation.
20 (2) ~~However, in~~ In lieu of the net capital gain deduction
21 in this paragraph and paragraphs "b", "c", and "d", ~~where the~~
22 ~~business is sold~~ if the sale of the business in subparagraph
23 (1) is made to individuals who are all lineal descendants of
24 the taxpayer, the amount of capital gain from each capital
25 asset may be subtracted in determining net income.
26 ~~(2)~~ (3) For purposes of this paragraph, unless the context
27 otherwise requires:
28 (a) "Business" means the same as defined in section 423.1.
29 (b) ~~"lineal"~~ "Lineal descendant" means children of the
30 taxpayer, including legally adopted children and biological
31 children, stepchildren, grandchildren, great-grandchildren, and
32 any other lineal descendants of the taxpayer.
33 (c) "Materially participated" means the same as defined in
34 section 469(h) of the Internal Revenue Code.
35 (d) "Sale of a business" means the sale of all or

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1 substantially all of the tangible personal property or service
2 of the business, or the sale of all or substantially all of the
3 stock or equity interest in the business, whether the business
4 is held as a sole proprietorship, corporation, partnership,
5 joint venture, trust, limited liability company, or another
6 business entity.

7 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
8 retroactively to January 1, 2014, for tax years beginning on
9 or after that date.

10 EXPLANATION

11 The inclusion of this explanation does not constitute agreement with
12 the explanation's substance by the members of the general assembly.

13 This bill relates to the taxation of net capital gains from
14 the sale of a business.

15 This state provides an exclusion from the computation of net
16 income for the individual income tax of any net capital gains
17 realized from the sale of a business if the taxpayer held the
18 business for at least 10 years and materially participated in
19 the business for at least 10 years.

20 Under current law, "sale of a business" is defined as the
21 sale of all or substantially all of the tangible personal
22 property or service of the business. The bill modifies the
23 definition to include the sale of all or substantially all of a
24 stock or equity interest in the business, whether the business
25 is held as a sole proprietorship, corporation, partnership,
26 joint venture, trust, limited liability company, or another
27 business entity.

28 The bill applies retroactively to January 1, 2014, for tax
29 years beginning on or after that date.



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Senate Study Bill 3207 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

A BILL FOR

1 An Act placing a limit on the amount of investment tax credits
2 that may be authorized, awarded, or issued by the economic
3 development authority for any one project under the high
4 quality jobs program or enterprise zone program, and
5 including effective date and applicability provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 15.333, Code 2014, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 3. Notwithstanding any other provision
4 of law to the contrary, the authority shall not authorize,
5 award, or issue for any one project an amount of tax credits
6 provided under this section that is in excess of seventy-five
7 million dollars. For purposes of this subsection, "project"
8 means an activity or set of activities directly related to the
9 start-up, location, modernization, or expansion of a business,
10 and proposed in an application by a business, that will result
11 in the accomplishment of the goals of the high quality jobs
12 program or the enterprise zone program.

13 Sec. 2. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
14 immediate importance, takes effect upon enactment.

15 Sec. 3. APPLICABILITY. This Act is not intended to and
16 shall not limit, modify, or otherwise adversely affect the
17 right or ability of a taxpayer or transferee to claim, redeem,
18 or transfer a certificate or tax credit that was authorized,
19 awarded, or issued before the effective date of this Act.

20 EXPLANATION

21 The inclusion of this explanation does not constitute agreement with
22 the explanation's substance by the members of the general assembly.

23 This bill prohibits the economic development authority from
24 authorizing, awarding, or issuing for any one project an amount
25 of investment tax credits provided in Code section 15.333 under
26 the high quality jobs program or enterprise zone program that
27 is in excess of \$75 million.

28 The bill defines "project" to mean an activity or set
29 of activities directly related to the start-up, location,
30 modernization, or expansion of a business, and proposed
31 in an application by a business, that will result in the
32 accomplishment of the goals of the high quality jobs program
33 administered pursuant to Code sections 15.326 through 15.336
34 or the enterprise zone program administered pursuant to Code
35 sections 15E.191 through 15E.198.

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1 The bill takes effect upon enactment, and does not affect any
2 investment tax credits authorized, awarded, or issued before
3 the effective date of the bill.



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Senate Study Bill 3208 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

A BILL FOR

1 An Act exempting from the sales tax the sales price of a diesel
2 fuel trailer or seed tender used primarily in agricultural
3 production.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

TLSB 6002XC (1) 85
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1 Section 1. Section 423.3, subsection 8, Code 2014, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. *d.* (1) For purposes of this subsection,
4 the following items are exempt under paragraph "a" when used
5 primarily in agricultural production:

6 (a) A diesel fuel trailer, regardless of the vehicle to
7 which it is to be attached.

8 (b) A seed tender, regardless of the vehicle to which it is
9 to be attached.

10 (2) For purposes of this paragraph:

11 (a) "*Fuel trailer*" means a trailer that holds dyed diesel
12 fuel or diesel exhaust fluid and that is used to transport such
13 fuel or fluid to a self-propelled implement of husbandry.

14 (b) "*Seed tender*" means a trailer that holds seed and that
15 is used to transport seed to a self-propelled implement of
16 husbandry and load seed into a self-propelled implement of
17 husbandry.

18 EXPLANATION

19 The inclusion of this explanation does not constitute agreement with
20 the explanation's substance by the members of the general assembly.

21 This bill exempts from the sales tax the sales price of
22 a diesel fuel trailer or a seed tender used primarily in
23 agricultural production, regardless of the vehicle to which
24 the diesel fuel trailer or seed tender is to be attached.
25 Under current law, such items are not exempt from sales tax
26 unless they are directly and primarily used in production of
27 agricultural products and are customarily drawn or attached to
28 self-propelled farm implements.

29 "Fuel trailer" and "seed tender" are both defined in the
30 bill.

31 By operation of Code section 423.6, an item exempt from the
32 imposition of the sales tax is also exempt from the use tax
33 imposed in Code section 423.5.



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Senate Study Bill 3209 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

A BILL FOR

1 An Act exempting from the state sales tax the sales price from
2 the sale or furnishing of metered water to residential
3 customers and creating state and local residential metered
4 water excise taxes.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 423.3, Code 2014, is amended by adding
2 the following new subsection:
3 NEW SUBSECTION. 101. The sales price from the sale or
4 furnishing of metered water to residential customers for use at
5 residential dwellings and units of apartment and condominium
6 complexes used for human occupancy.
7 Sec. 2. NEW SECTION. 423G.1 Short title.
8 This chapter may be cited as the "*Residential Metered Water*
9 *Tax Act*".
10 Sec. 3. NEW SECTION. 423G.2 Definitions.
11 All words and phrases used in this chapter and defined in
12 section 423.1 have the same meaning given them by section 423.1
13 for purposes of this chapter.
14 Sec. 4. NEW SECTION. 423G.3 State-imposed residential
15 metered water tax.
16 1. A tax at the rate specified in subsection 2 is imposed on
17 the sales price from the sale or furnishing of metered water
18 to residential customers for use at residential dwellings and
19 units of apartment and condominium complexes used for human
20 occupancy.
21 2. a. If the date of the utility billing or meter reading
22 cycle of the residential customer for the sale or furnishing
23 of metered water is on or after July 1, 2014, but before July
24 1, 2015, or if the sale or furnishing of the water and the
25 delivery of the water occurs on or after July 1, 2014, but
26 before July 1, 2015, the rate of tax is six percent.
27 b. If the date of the utility billing or meter reading
28 cycle of the residential customer for the sale or furnishing
29 of metered water is on or after July 1, 2015, but before July
30 1, 2016, or if the sale or furnishing of the water and the
31 delivery of the water occurs on or after July 1, 2015, but
32 before July 1, 2016, the rate of tax is five percent.
33 c. If the date of the utility billing or meter reading
34 cycle of the residential customer for the sale or furnishing
35 of metered water is on or after July 1, 2016, but before July

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1 1, 2017, or if the sale or furnishing of the water and the
2 delivery of the water occurs on or after July 1, 2016, but
3 before July 1, 2017, the rate of tax is four percent.

4 d. If the date of the utility billing or meter reading
5 cycle of the residential customer for the sale or furnishing
6 of metered water is on or after July 1, 2017, but before July
7 1, 2018, or if the sale or furnishing of the water and the
8 delivery of the water occurs on or after July 1, 2017, but
9 before July 1, 2018, the rate of tax is three percent.

10 e. If the date of the utility billing or meter reading
11 cycle of the residential customer for the sale or furnishing
12 of metered water is on or after July 1, 2018, but before July
13 1, 2019, or if the sale or furnishing of the water and the
14 delivery of the water occurs on or after July 1, 2018, but
15 before July 1, 2019, the rate of tax is two percent.

16 f. If the date of the utility billing or meter reading
17 cycle of the residential customer for the sale or furnishing of
18 metered water is on or after July 1, 2019, but before January
19 1, 2030, or if the sale or furnishing of the water and the
20 delivery of the water occurs on or after July 1, 2019, but
21 before January 1, 2030, the rate of tax is one percent.

22 g. If the date of the utility billing or meter reading
23 cycle of the residential customer for the sale or furnishing
24 of metered water, or the date of the sale or furnishing of the
25 water and the delivery of the water, is on or after January 1,
26 2030, the rate of tax is zero percent.

27 3. This section is repealed June 30, 2030.

28 Sec. 5. NEW SECTION. 423G.4 Locally imposed residential
29 metered water tax.

30 1. a. A county that is not subject to subsection 2 may
31 impose a local residential metered water tax at a rate of not
32 more than one percent of the sales price from the sale or
33 furnishing of metered water to residential customers for use at
34 residential dwellings and units of apartment and condominium
35 complexes used for human occupancy. The tax shall be imposed,

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1 collected, and administered in the same manner as the local
2 sales and services tax in chapter 423B and sections 423B.1,
3 423B.5, 423B.6, 423B.7, 423B.8, 423B.9, and 423B.10, consistent
4 with the provisions of this chapter, shall apply with respect
5 to the tax authorized under this subsection, in the same manner
6 and with the same effect as if the local residential metered
7 water tax was a local sales and services tax within the meaning
8 of those statutes.

9 **b.** The question of the imposition of a local residential
10 metered water tax may be submitted at the same election as the
11 local option taxes authorized under chapter 423B.

12 **c.** This subsection shall not be construed to require a
13 county to impose a local residential metered water tax if the
14 county imposes a local sales and services tax.

15 2. **a.** If a city or county has in effect a local sales
16 and services tax under chapter 423B on the effective date of
17 this Act, that city or county shall impose on and after the
18 effective date of this Act a local residential metered water
19 tax at the same rate as the local sales and services tax on
20 the sales price from the sale or furnishing of metered water
21 to residential customers for use at residential dwellings and
22 units of apartment and condominium complexes used for human
23 occupancy. The local residential metered water tax shall be
24 imposed, collected, and administered in the same manner and
25 with the same effect as the city's or county's local sales and
26 services tax under chapter 423B and sections 423B.1, 423B.5,
27 423B.6, 423B.7, 423B.8, 423B.9, and 423B.10, consistent with
28 the provisions of this chapter, shall apply with respect to
29 the tax imposed under this subsection, in the same manner and
30 with the same effect as if the local residential metered water
31 tax was a local sales and services tax within the meaning of
32 chapter 423B.

33 **b.** The city or county shall within 60 days of the effective
34 date of this Act amend its local sales and services tax
35 ordinance to reflect the imposition of the local residential



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1 metered water tax under this subsection.

2 c. The city or county shall continue to collect the local
3 residential metered water tax imposed under this subsection
4 until such time as the local sales and services tax in effect
5 on the effective date of this Act is repealed by the city or
6 county.

7 Sec. 6. NEW SECTION. **423G.5 Exemptions.**

8 The sales price from transactions exempt from state sales
9 tax under section 423.3, except section 423.3, subsection 101,
10 is also exempt from the tax imposed by this chapter.

11 Sec. 7. NEW SECTION. **423G.6 Administration by director.**

12 1. The director of revenue shall administer the state and
13 local residential metered water tax as nearly as possible in
14 conjunction with the administration of the state sales and use
15 tax law, except that portion of the law which implements the
16 streamlined sales and use tax agreement. The director shall
17 provide appropriate forms, or provide on the regular state tax
18 forms, for reporting state and local residential metered water
19 tax liability.

20 2. The director may require all persons who are engaged
21 in the business of deriving any sales price or purchase
22 price subject to tax under this chapter to register with
23 the department. The director may also require a tax permit
24 applicable only to this chapter for any retailer not
25 collecting, or any user not paying, taxes under chapter 423.

26 3. Section 422.25, subsection 4, sections 422.30, 422.67,
27 and 422.68, section 422.69, subsection 1, sections 422.70,
28 422.71, 422.72, 422.74, and 422.75, section 423.14, subsection
29 1, and sections 423.23, 423.24, 423.25, 423.31 through
30 423.35, 423.37 through 423.42, and 423.47, consistent with
31 the provisions of this chapter, shall apply with respect to
32 the taxes authorized under this chapter, in the same manner
33 and with the same effect as if the excise taxes on the sale
34 or furnishing of metered water to residential customers were
35 retail sales taxes within the meaning of those statutes.



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1 Notwithstanding this paragraph, the director shall provide
2 for quarterly filing of returns and for other than quarterly
3 filing of returns both as prescribed in section 423.31. All
4 taxes collected under this chapter by a retailer or any user
5 are deemed to be held in trust for the state of Iowa.

6 Sec. 8. NEW SECTION. **423G.7 Deposit of revenues.**

7 1. All moneys received and all refunds shall be deposited in
8 or withdrawn from the general fund of the state.

9 2. The director, in consultation with local officials,
10 shall collect and account for a local residential metered
11 water tax and shall credit all revenues in the same manner
12 as provided in section 423B.7. Local authorities shall not
13 require any tax permit not required by the director of revenue.

14 3. Subsequent to the deposit in the general fund of the
15 state, the department shall do the following in the order
16 prescribed:

17 a. Transfer the revenues collected under section 423G.3 in
18 the manner prescribed in section 423B.7.

19 b. (1) Transfer from the remaining revenues the following
20 amounts to the secure an advanced vision for education fund
21 created in section 423F.2:

22 (a) For revenues collected on or after July 1, 2014, but
23 before August 1, 2015, one-sixth of the remaining revenues.

24 (b) For revenues collected on or after August 1, 2015, but
25 before August 1, 2016, one-fifth of the remaining revenues.

26 (c) For revenues collected on or after August 1, 2016, but
27 before August 1, 2017, one-fourth of the remaining revenues.

28 (d) For revenues collected on or after August 1, 2017, but
29 before August 1, 2018, one-third of the remaining revenues.

30 (e) For revenues collected on or after August 1, 2018, but
31 before August 1, 2019, one-half of the remaining revenues.

32 (f) For revenues collected on or after August 1, 2019, one
33 hundred percent of the remaining revenues.

34 (2) This paragraph is repealed June 30, 2030.

35

EXPLANATION

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1 The inclusion of this explanation does not constitute agreement with
2 the explanation's substance by the members of the general assembly.

3 This bill relates to the sale of metered water to residential
4 customers.

5 The bill exempts from the sales tax the sales price from the
6 sale or furnishing of metered water to residential customers
7 for use at residential dwellings and units of apartment and
8 condominium complexes used for human occupancy. By operation
9 of Code section 423.6, an item exempt from the imposition of
10 the sales tax is also exempt from the use tax imposed in Code
11 section 423.5.

12 The bill creates a state excise tax on the sales price
13 from the sale or furnishing of metered water to residential
14 customers for use at residential dwellings and units of
15 apartment and condominium complexes used for human occupancy.
16 The rate of the excise tax begins at 6 percent for fiscal year
17 2014-2015, which is the same rate as the state sales tax, and
18 is reduced one percentage point each fiscal year for the next
19 four fiscal years until it is set at 1 percent for July 1,
20 2019, through December 31, 2029. The remaining 1 percent state
21 residential metered water tax will no longer be collected on or
22 after January 1, 2030, which is the same date the state sales
23 tax rate is reduced to 5 percent from 6 percent because of the
24 repeal of the 1 percent secure an advanced vision for education
25 tax rate.

26 The bill requires that a certain percentage of the state
27 residential metered water tax revenues collected each year be
28 transferred to the secure an advanced vision for education fund
29 created in Code section 423F.2 in order to ensure that the fund
30 receives an amount of revenue approximating one percentage
31 point of the total tax rate imposed.

32 The bill also creates a locally imposed residential metered
33 water tax of up to 1 percent that may, at the option of a
34 county, be imposed, collected, and administered by a county in
35 the same manner as the local sales and services tax in Code



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1 chapter 423B. The bill incorporates by reference many of the
2 provisions of Code chapter 423B. The bill allows an election
3 for the imposition of a local residential metered water tax to
4 occur at the same election as for a local option tax authorized
5 under Code chapter 423B. A county will not be required to
6 impose a local residential metered water tax if the county
7 imposes a local sales and services tax.

8 The bill provides that a city or county that has a local
9 sales and services tax in effect on the effective date of the
10 bill is required to impose a local residential metered water
11 tax at the same rate and in the same manner as the city's or
12 county's local sales and services tax. The city or county is
13 required to amend its local sales and services tax ordinance
14 within 60 days of the effective date of the bill to reflect the
15 imposition of the local residential metered water tax. The
16 city or county shall continue to collect the required local
17 residential metered water tax until the city's or county's
18 sales and services tax in effect on the effective date of the
19 bill is repealed.

20 The director of revenue is required to administer the
21 state and local residential metered water tax as nearly as
22 possible in conjunction with the administration of the state
23 sales and use tax law and to that end the bill incorporates by
24 reference numerous Code sections that relate to general tax
25 administration and the sales and use tax laws.

26 Revenues collected from the local option residential metered
27 water tax are credited to local governments in the same manner
28 as local option taxes under Code chapter 423B.